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NAVY SECRETS OUT

In a noteworthy speech on the Navy Vote yesterday, Mr. Winston Churchill, First Lord of the Admiralty, "gave away" several official secrets.

H.M.S. Nelson, 33,500 tons, struck a magnetic mine and was damaged, and H.M.S. Barham, 31,000 tons, was hit by a torpedo and damaged, both towards the end of last year. They are practically ready for sea again.

The five new battleships of the King George V class will be ready for sea before the two new German 35,000-ton battleships.

Scapa Flow has been abandoned as a leading naval base since the sinking of "Royal Oak."

The speech will be found in Page Six.

GERMAN TACTICS IN RUMANIA

(SPECIAL TO "CHINA MAIL")

London, To-day.

Dr. Karl Clodius, the German economic expert, who recently negotiated trade accords with Rumania and Italy, has returned to Berlin from Rome and is at present discussing a very important scheme for "Stabilising" German-Rumanian relations, the "Daily Express" asserts.

The "Clodius Plan" aims at obtaining from Rumania substantially increasing quantities of oil, wheat, and raw materials for the Reich.

Berlin, in exchange, will guarantee Rumania's frontiers for a few years and help her to conclude short-term non-aggression pacts with her neighbours — chiefly Russia, Bulgaria and Hungary.

The plan calls for the demobilization of half the Rumanian Army, the soldiers to be sent back to agricultural and industrial tasks to meet the Reich's needs. — Havas.

ANTI-ROOSEVELT

RESOLUTION IN N.Y.

(SPECIAL TO "CHINA MAIL")

Albany, N.Y., To-day.

The New York State Senate has adopted a resolution asking Congress to vote on a Bill banning Presidents of the United States from running for a third presidential term. — Havas.

NAZIS AND MR. WELLES: "WE SHALL FIGHT UNTIL ALLIES ARE DESTROYED"

(SPECIAL TO "CHINA MAIL")

PARIS, TO-DAY.

NEUTRAL SOURCES REPORT AN ACUTE CONFLICT BETWEEN NAZI LEADERS ON THE RECEPTION TO BE GIVEN TO MR. SUMNER WELLES, NOW ON HIS WAY TO BERLIN VIA SWITZERLAND.

Von Ribbentrop and Goebbels contend that the whole purpose of the trip is a deliberate attempt by President Roosevelt to put Germany in the wrong and advocate the polite cold-shoulder.

Goering and others would prefer to dissemble and to avoid further damaging Nazi prestige in the United States.

The attitude of Goebbels would appear to be reflected in press commentary yesterday, which while having no direct reference to the Welles visit, was clearly inspired by it.

The general tenor of the comment was:

"We shall fight until France and Britain are destroyed and German rights have been established."

"The British terror must be broken before Germany can co-operate in a better world order." — Havas.

MAY RETURN TO ROME

Rome, To-day.

Mr. Sumner Welles is expected to leave for Berlin via Switzerland early to-day.

From Berlin, after the Ribbentrop-Hitler conferences, he will travel to Paris via Holland. If all goes well, London will be his next stop after that.

HEINKEL CREW SAVED

London, To-day.

Four of the crew of the Heinkel bomber shot down off the mouth of the Firth of Forth were poked up by a trawler and landed at a Scottish port.

One was suffering from gunshot wounds.

They appeared to be overjoyed at their rescue and repeatedly shook hands with the trawlermen.

The crew of the Heinkel shot down off Northumberland have not yet been found. — Reuter.

ANOTHER FRONT TO DEFEND?

Stockholm, To-day.

In the Isthmus battle, there is a danger that the Finns may soon have another front to defend.

When they reach the tip of the Koivisto Peninsula, the Russians will be only five miles from the main Finnish south coast near Saakkijarvi, which has been evacuated by the civilian population.

The loss of the Koivisto Fortress has opened up the way for such an advance.

Previously, the Finnish batteries there had effectively checked any outflanking movement of this kind behind the Mannerheim Line. — Reuter.

FATE IN BALANCE

Helsinki, Later.

The fate of Viborg is in the balance. Soviet pressure is being applied in the widest form possible in order to discover any weak points in the defences. The Finns are still standing firm.

The Russians are stated to have suffered enormous losses in men and materials. — Reuter.

NAZI U-BOAT RAMMED

Paris, To-day.

Details of the sinking of a U-boat by the French destroyer Simoun show that the destroyer was on patrol duty with several other ships when a periscope was sighted.

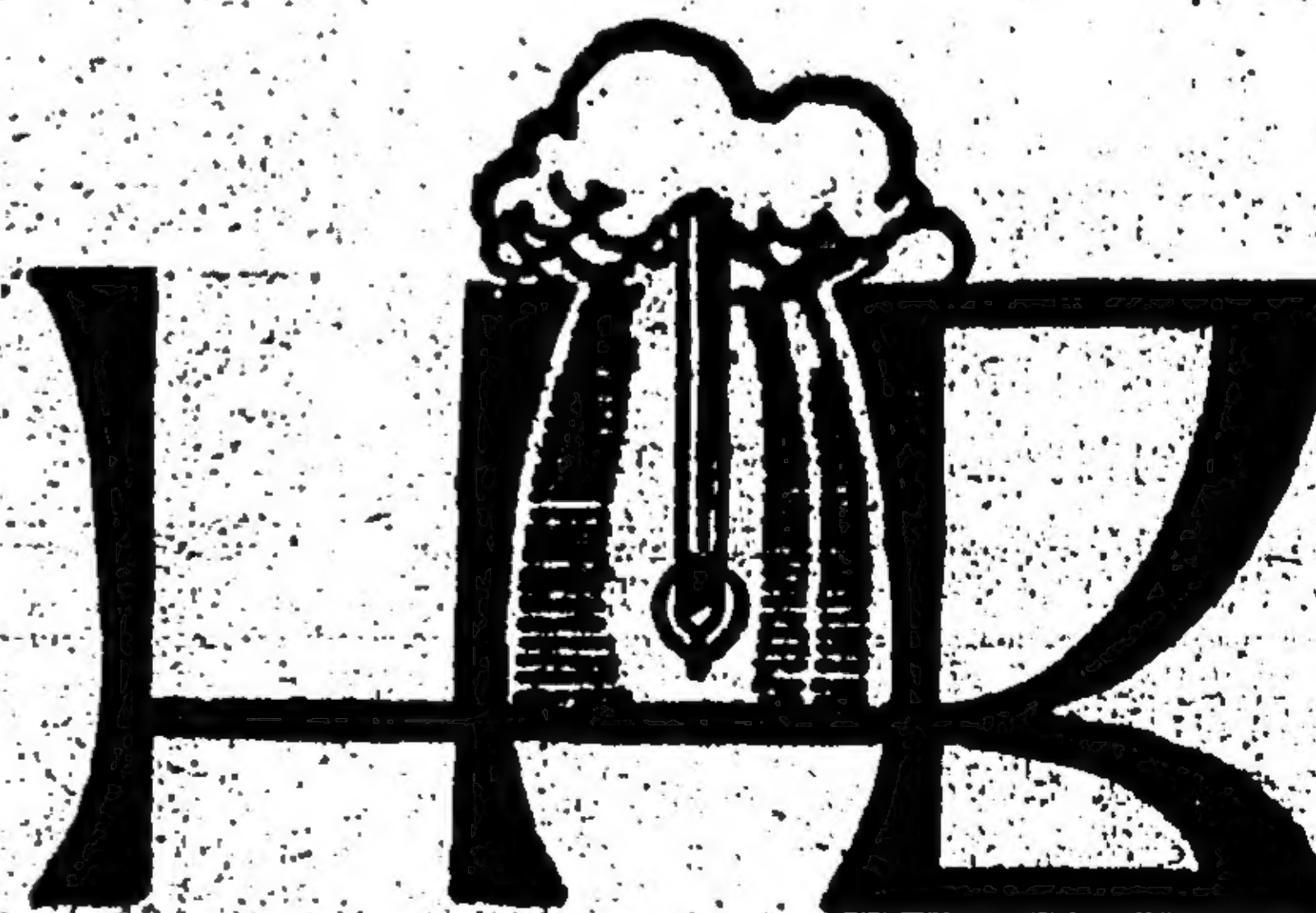
Captain Bataille, commander of Simoun, ordered "Full Speed Ahead!"

The submarine dived but depth charges were dropped and the U-boat was so damaged that she was forced to the surface.

Simoun then rammed the U-boat, the outer keel of which was ripped off.

Further depth-charges were dropped and a huge stretch of oil eight sea miles long marked the end of the U-boat. — Reuter.

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AIMS OF BRITISH WAR TRADE AGREEMENTS

London, To-day.

THE AIMS OF BRITISH war trade agreements were outlined by Mr. Ronald Cross, Minister of Economic Warfare, in the House of Commons yesterday in reply to a question by Miss Irene Ward, as to whether the Government, in any agreements concluded or under negotiation with neutral governments, consented to continuation of re-export to Germany by the neutral countries concerned.

Mr. Cross, in reply, stated that war trade agreements generally aimed at securing guarantees against the re-export of contraband goods to Germany with machinery for their enforcement, thus facilitating the operation of our contraband control, and at the same time enabling the neutral countries concerned to maintain their own domestic economy.

Mr. Cross emphasised that there was nothing in agreements which prevented us from exercising our full belligerent rights in respect of any consignments of which we had evidence of enemy destination.

There had been no substantial difficulty in securing that the machinery of neutral countries for preventing the re-export to Germany of their overseas imports, especially foodstuffs and raw materials, should be operated in a manner satisfactory to us.

Regarding the goods which these countries produced themselves, the countries concerned usually stipulated that such goods might be exported to both belligerents.

Maintenance of exports was necessary to the economic life of the neutral countries concerned and in many cases we ourselves benefited from such exports, as least as much, if not more than Germany, but even in this class of goods we aimed at reducing exports to Germany as far as practical.

Cases where a neutral country had a manufacturing industry depending on imports of raw materials were most difficult to deal with and Britain's aim in the case of important commodities had been, by agreement, to prevent entirely or restrict to trifling quantities exports of such manufactures to Germany. — Reuter.

ing on the general aspects of trade relations between the two countries. — Havas.

ALL SO SIMPLE

"If Hitler had a wife, picnics and a musical-box there would have been no war."—Solution of Europe's problems by a "mam-mie" tending a stall in the market of Tarkwa, chief centre of the goldfields of the western province of the Gold Coast.

ITALY AND RUMANIA

(SPECIAL TO "CHINA MAIL")
BUCHAREST, TO-DAY.

TRADE NEGOTIATIONS BETWEEN ITALY AND RUMANIA WERE INITIATED HERE YESTERDAY MORNING FOLLOWING THE ARRIVAL OF THE ITALIAN COMMERCIAL MISSION YESTERDAY.

The Italian delegation, comprising of seven members, met yesterday with representatives of the Rumanian Government, and, it is expected that preliminary conversations will be carried out for several days before the formal opening of negotiations bearing

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AIR RAID SHELTERS IN COPENHAGEN

(SPECIAL TO "CHINA MAIL")
Copenhagen, To-day.

Work on the construction of air raid shelters has started in the Danish capital.

The programme, the completion of which is being pushed ahead at the maximum speed, provides for shelters capable of housing 90,000 persons.

This leads observers to believe that in case of war, the majority of the population of the city, now counting 850,000, will be evacuated.—Havas.

SHANGHAI UPWARD JUMP IN EXPORTS

Shanghai, To-day.

Shanghai's foreign trade in January totalled £4,904,271 sterling, comprising: Imports, £2,463,390; Exports, £2,440,881.

The latter was higher by approximately £8,000 than the January, 1937, figure, when the dollar stood at 1/2-3/8, while the import surplus in January of £22,509 compares with the import surplus of £528,338 in December.

Commenting on the trade position in relation to exchange rates, "Finance and Commerce" states:—

"The strength of the dollar must ultimately depend upon merchandise supply and demand. As is well known, the weakness of exchange rates has been very largely due to the tremendous demand made by excessive imports of raw materials and necessities from abroad.

ALARMS WILL SUBSIDE

"So far, there has been nothing to put against a great part of this demand, but if from now onward exports can be maintained on the January scale or improved upon it, alarms and predictions of disaster will soon subside."

Referring to the partial liquidation of the oversold position which provided the bulk of the selling on the local market in the past week, "Finance and Commerce" remarks:—

"There can be no doubt that this source of supply is now becoming very attenuated indeed. Exports, therefore, are urgently needed to fill the gap." — Reuter.

ECONOMIC PROBLEMS OF WAR

Washington, To-day.

Economic retaliation after the war might follow any attempt by the United States to force the belligerent countries to buy farm produce as well as the munitions that they needed from the United States.

This possibility was expressed, yesterday by Mr. Henry Wallace, the Secretary of Agriculture, speaking in the debate on trade agreements before the Finance Committee of the Senate.

The question arose after Senator La Follette insisted that the United States should try to counteract agreements between the belligerents and neutrals which were adversely affecting United States trade.

He cited the Anglo-Turkish tobacco agreement as an example.

PRESSURE URGED

Senator Barkley asked Mr. Wallace what results might follow an American effort to force Britain and France to buy tobacco from the United States in order to obtain United States planes and other war equipment required.

Mr. Wallace replied: "Undoubtedly there would be the deepest resentment against us and a deep distrust of us."

He added that Congress should continue its reciprocal trade programme for us as "a valuable foundation stone for the reconstruction of world trade in the future."

Mr. La Follette declared he had been informed that the Anglo-Turkish Agreement covered a period of 25 years.

Mr. Wallace said Lord Lothian had told him that the published information about the agreement was inaccurate and he "wished to talk to us about it in the near future."—Reuter.

OSLO GIVES LIE TO NAZIS

(SPECIAL TO "CHINA MAIL")

Oslo, To-day.

An official communique, denying the alleged flying of three British planes over Norwegian territorial waters yesterday, was issued by the Admiralty here to-day.

This rumour was being circulated by a German news agency.

No foreign aircraft was sighted over the Jossing Fiord yesterday contrary to German allegations, the communique pointed out.—Havas.

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DEFENCE OF VIBORG

Abandonment Of Karelian City Contemplated

STRATEGIC VALUE DIMINISHED BY DESTRUCTION

(SPECIAL TO "CHINA MAIL")

HELSINKI, TO-DAY.

THE PROBLEM OF WHETHER OR NOT VIBORG SHOULD BE DEFENDED IS NOW BEING DISCUSSED. THE LOSS OF THE CITY WOULD BE HEART-BREAKING TO THE AVERAGE FINN, FOR IT WOULD MEAN THE CEDING OF A PART OF FINLAND TO THE RUSSIANS.

The Mayor of Viborg, however, has handed over the keys of the city to the military authorities (all civilians have been evacuated) and the final decision now rests with the Finnish Army.

It is appreciated here that if Viborg is abandoned, there will be a hue and cry in Germany over the moral effects of this retrenchment; Goebbels is expected to waste no time going into action.

At the same time, it is felt that the strategic value of Viborg is not what it was before its destruction.

No decision has, as yet, been announced. — Havas.

SIX MILES AWAY

Helsinki, To-day.

The Soviets were still 6 miles from Viborg yesterday morning, and the Finns were holding their second line of defence despite terrific pressure.

Southern Finland was bombed by Soviet planes on Monday but so far as is known, only three people were killed. Helsinki had four air-raid alarms—but no bombs were dropped. — Reuter.

FINNISH COMMUNIQUE

Helsinki, To-day.

An official communique states that west of the Karelian Isthmus, the enemy continued their attacks but suffered heavy losses.

The Finns captured a number of arms and destroyed eighteen tanks.

North-East of Lake Ladoga there was strong artillery activity in which the Finns destroyed three tanks and two armoured cars.

In the direction of Petsamo, the enemy made several attacks. The Finns transferred their lines to Nautsi. Two tanks were destroyed. There was a successful ambush and activity by the Finns. — Reuter.

"GREAT BATTLE IN PROGRESS"

(SPECIAL TO "CHINA MAIL")

Stockholm, To-day.

According to Swedish reports, a great battle was in progress on Monday in northern Finland, the Russians being supported by aeroplanes. Finnish pursuit planes also took part and there were clashes between the opposing air forces.

Towards the end of the afternoon, the battle died down somewhat. It was not reported who had the upper hand. — Havas.

LENINGRAD COMMUNIQUE

(SPECIAL TO "CHINA MAIL")

Moscow, To-day.

Destruction of enemy fortifications on the Karelian Isthmus was methodically carried out throughout Monday and yesterday, a communique of the Leningrad General Staff claims. It adds that the Finns endeavoured to counter-attack on several occasions, being each time repulsed with heavy losses.

In the course of one of the counter-attacks, five enemy tanks were destroyed, three of them falling into Soviet hands.

The same communique further claims that Soviet troops, operating on Kolivisto Island, seized a number of fortified positions, including 15

BLenheim BOMBER SHOT DOWN

London, To-day.

It is officially announced that one of the British aircraft failed to return from a successful R.A.F. reconnaissance flight over Helligoland/Blight yesterday, and Berlin, in an official communique, announce that German planes shot down a Bristol Blenheim machine.

cement-artillery forts, four ammunition depots, 10,000 shells and 5,000,000 cartridges.

It is also claimed that numerous planes were brought down yesterday. — Havas.

RETREATED IN PERFECT ORDER

Rome, To-day.

According to reports reaching Rome from Finland, Monday was quiet on the Karelian Isthmus. Local attacks by the Soviets seemed designed to divert attention from the extensive arrangements being made at the rear for another big offensive.

The Helsinki correspondent of "Il Messaggero" reports that although the Finns had to retreat at Kolivisto they did so in perfect order and without loss of material. They suffered fewer casualties than the Russians did.

The new defence lines are holding well against terrific pressure, he says, and Finnish armaments, especially artillery, are good and fairly copious. — Reuter.

Viborg Will Not Be Defended

(SPECIAL TO "CHINA MAIL")

Helsinki, To-day.

Viborg will not be defended and the Finns will establish a new line of defence north-west of the city before

LAPSE AFTER NINE YEARS

BEFORE MR. R. EDWARDS THIS MORNING, YEUNG LAI-CHEONG, 38, CLERK, WAS SENTENCED TO ONE MONTH'S HARD LABOUR FOR THE THEFT OF \$120 FROM MESSRS. A. & S. HANCOCK, EXCHANGE BUILDING.

Det.-Sergeant Brooks told the Court that defendant had been employed by Mr. Edgar Lewis, of Hancock's, for the past nine years at \$35 a month. He was entrusted with a sum of \$120 by the office shroff to pay into the bank on February 3, and on February 23, when the office checked up the account, it was found that the money had not been paid in.

Defendant admitted that he spent the money on his sick children and at Chinese New Year. Defendant absconded to Macao, but was arrested and brought back to Hong Kong.

RED NAVY CHIEF IN MURMANSK

Moscow, To-day.

The Navy Commissar, Kutsenetsov, has arrived in Murmansk at last. He is reported to have ordered the Soviet Fleet to take up positions along the waters of the Russian coast in the north. — Reuter.

the new branch of the railway recently constructed there, authorized circles reveal.

The town has been completely destroyed and is of no military importance.

The garrison is still in the town but will not be allowed to suffer too severe losses. — Havas.

MOSCOW COMMUNIQUE

Moscow, To-day.

An official communique states Soviet troops in the Karelian Isthmus, breaking through the enemy's fortified zone, occupied thirteen defensive positions.

Soviet planes successfully bombed enemy troops and military objectives. — Reuter.

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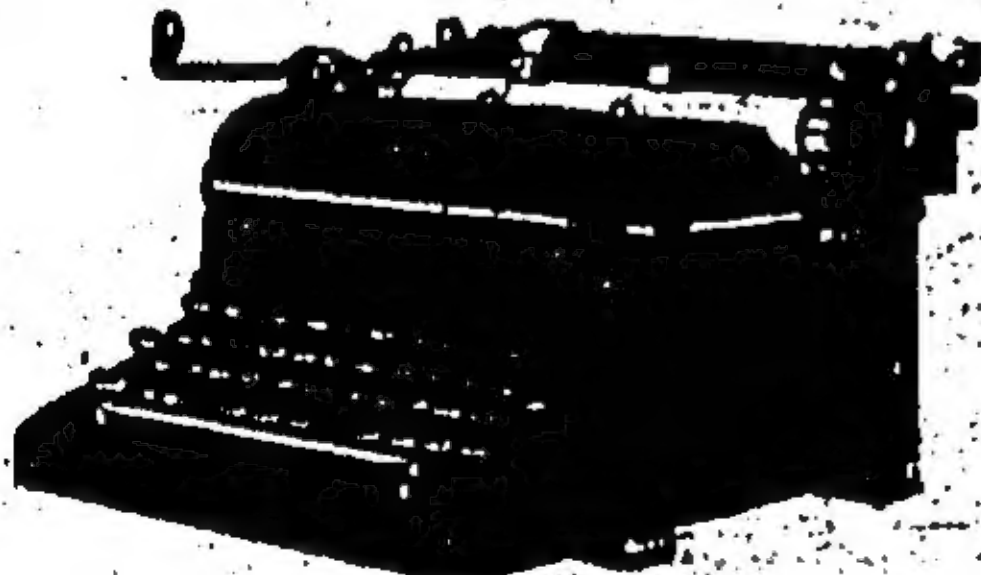
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EXPEDITION INTO GERMANY—NO. 3

What Gen. Udet Told Me In The Adlon Bar

BOMB LONDON? NO YES

Here is the Third Article by the distinguished neutral observer sent on a special Expedition into Germany a month ago. To-morrow the "China Mail" will publish another exclusive article in this series revealing

The Uncensored Truth

Ernst Udet was already sitting on a stool up against the bar at the Adlon, Berlin's best known hotel, waiting for me when I arrived. He was a spot plumper than when I last saw him.

But, of course, he had every right to be. Like master like man. Ernst these days is a general and Goering's key man in the Air Ministry. He is in charge of supplies for the German air force.

"Blockade not affecting you very much I see," I said, manoeuvring him off his stool into an alcove where we could talk out of earshot of the barman.

"Not as long as I have the Adlon behind me," grinned Udet.

And I must say the Adlon bar was impressive. They even had genuine Scotch whisky at five marks (about 8s. 4d.) a glass, English gin, French champagne.

Blitzkrieg idea still there

And the barman, one Carl, insisted that he, like Goering, had built up a splendid war reserve for himself. He had planned, he said, on a two-year war.

"Two-year war, eh?" said Udet when we had got into our alcove. "Well, my chief has done better than that. He has made a five-year plan for this war."

I looked incredulous, but did not press him for indiscreet details. And soon he had said something else which showed that he and his bosses have not really made up their minds, but are still flirting with the idea of finishing off this war quickly.

"Listen! When are you coming to bomb us in London?" I asked. I had been quite frank with him and told him that I should be returning to London at the end of my trip.

"Oh, we are not going to start the bombing business. Set yourself at rest on that," said Udet, and rather solemnly for him. "We shall bomb London," he added, "only if the British bomb us. Only by way of reprisal."

"Now don't try to put over any of that propaganda stuff on me, Udet."

I said, "You know perfectly well that if you thought it possible and profitable to bomb London you would soon find a pretext."

"Listen," he replied, "if we wanted to bomb the British and French now we could. We are five times as strong as they are."

I laughed. "And what about all the stuff the British and French are getting from America?" I asked. "They are spending 30,000,000 dollars in a week on American aircraft. Your

By A NEUTRAL OBSERVER

bankers tell me that's as much as the whole German gold reserve."

What did Udet have to say to this? He said, "It will be too late by the time that material arrives."

Their views are in conflict

So, you see, there we have the old contradiction again. On the one hand they talk of a five-year war, on the other of a snappy Joe Louis first-round knock-out before Britain and France can get their supplies in.

I believe this represents a real conflict of opinion in the minds of Hitler and the German High-Command.

I think they are still trying to decide whether they should gamble everything on one great super-offensive against Britain's harbours, industries, and shipping with all they have got in the way of bombers, submarines and mines and surface raiders, accompanying this with a land push through Holland and Belgium or Rumania and south-east Europe.

The alternative would be to go on sitting still, trying to outlast the siege in the hope that British and French economic stamina would not be equal to the strain, and that as time went

on Russia would become reorganised sufficiently to help them ignore the blockade.

Hitler, as usual, is preparing for both policies, as I see it.

Air mines 'Just try-out'

He has ordered his staff to get everything ready for the knock-out, but at the same time his economic experts are doing what they can to prepare machinery for extracting from Russia the raw materials which Russia is now unable to supply on account of her chaotic disorganisation.

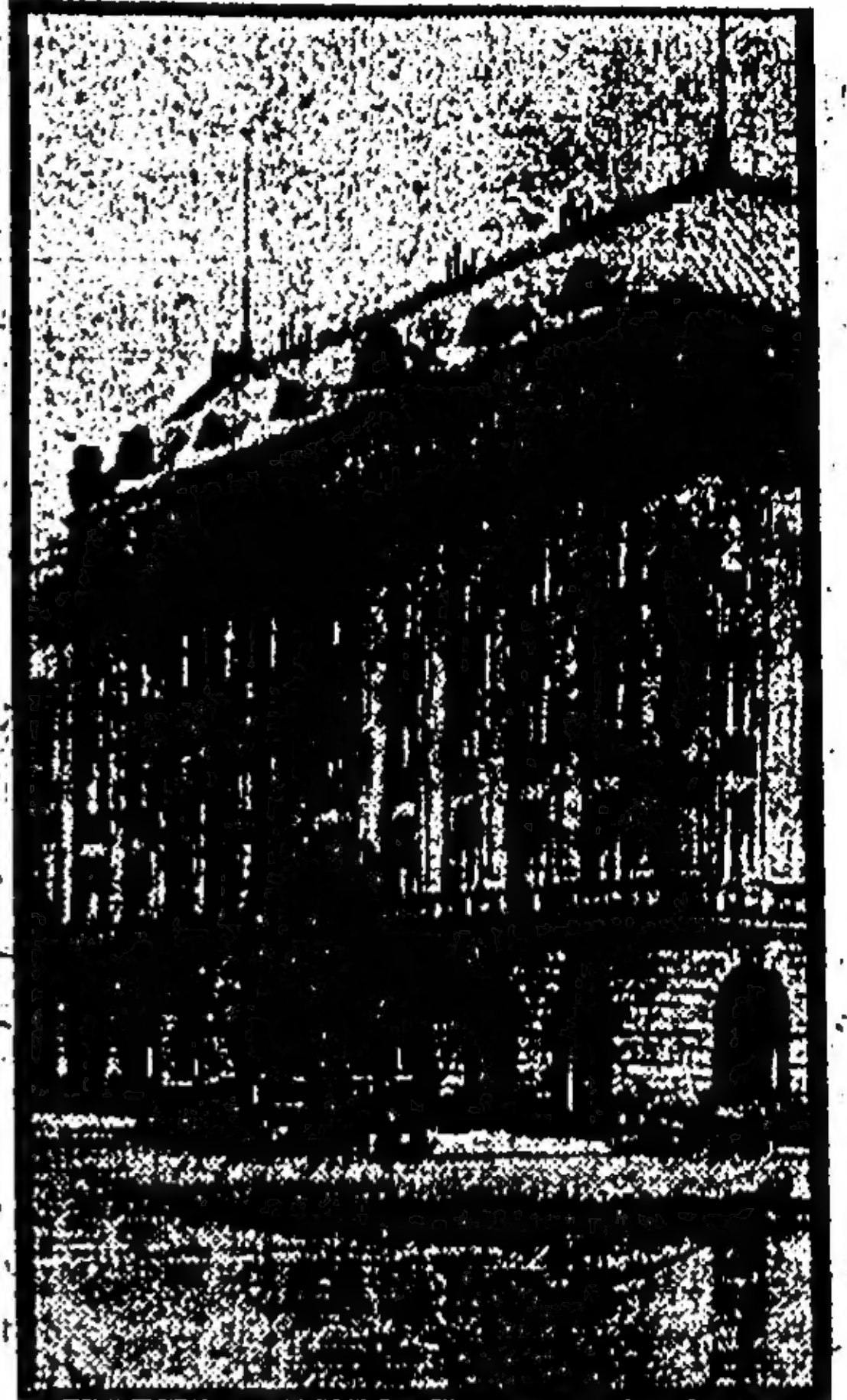
I heard from many quarters reports of mass manufacture of magnetic mines — "the previous minelaying efforts by our air force in the North Sea were just a try-out," said one Nazi I spoke to — of the special push that is being made now in submarine building.

I heard of a friend of mine who was a submarine commander in the last war being conscripted again for active submarine work, and he must be fifty now.

The great chemical plants of the Leuna works were working at full pressure as I passed them in the train near Halle. I could tell that even though special embankments and screens had been put up to prevent train passengers from peeping.

It's the same with the aeroplane works and the heavy munition and steel industries of the Rhine and Ruhr.

As for the Russian problem, I heard that the Hanover machine factory and other railway supply industries were hard at it, equipping German trucks with expansionable undercarriages capable of being adapted



THE ADLON, BERLIN
"Udet waited in the bar for me."

from the German normal gauge rails to take the Russian gauge and back again.

Thus once the Polish railways have been repaired it should be possible for these trucks to be sent into Russia to fetch the products which Russia at present can't deliver because she has not enough rolling stock.

Ernst Udet, like other German departmental chiefs, has been in contact with Russian emissaries.

There was a Russian delegation in Berlin right then. I was told they were trying to buy more aeroplanes for the Finnish war.

I wish I could describe to you the magnificent piece of clowning with which Udet mimicked a mountainous Polish Jewess, who was attached to the Russian negotiators as secretary-interpreter and G.P.U. (secret police) spy.

The Russians in the delegation, although they loathed her every breath, had to insist on her being present at every meeting so that the Kremlin might have her private report and be sure that there had been no phoney business going on.

I think the Germans are being extremely skilful in their handling of the Kremlin.

(Continued on Page 12)



Bombedalled General Udet with beringed Field-Marshal Goering. Udet shot down sixty-two British and French fighters in the last war. Has taken part since in many sensational flights. Was rescued by British airman Campbell Black in 1931 after a forced landing in Central Africa. It was Udet who did the daring flying in the film "White Hell of Pitz-Palu." He visited England in 1937.



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Intensified U-Boat War Expected In Summer

BRILLIANT CHURCHILL SPEECH ON NAVY VOTE

Challenge To One-Sided Neutrality

London, To-day.

MR. WINSTON CHURCHILL, First Lord of the Admiralty, was received with cheers in the House of Commons to-day when he rose to speak on the secret naval estimates.

"I come," he said, "on behalf of the Navy to ask for a few men, some ships, and a little money (laughter) to enable them to carry on their work."

Mr. Churchill's reference to money referred to the £100 token grant, representing an amount running into many millions, but which is not defined.

Mr. Churchill continued: "There has grown up a much wider comprehension of their duties and of the certainty that mistakes will be made both at Whitehall and on the salt water and that however hard we try, the painful drain of losses will be sustained."

"This will only make us more zealous to discharge our task and to give satisfaction and win approval by producing good results."

"I regret that it is inexpedient to give the House precise facts and figures regarding the proposed strength and cost of the Navy, but there is no need to tell the enemy more than is good for him about what we are doing (laughter)."

Mr. Churchill said that by the end of 1939, Germany had lost from all causes at least half of their U-boats, namely, 35. He doubted very much whether even ten fresh U-boats came into action in that period.

In the last two days, there had been one certain and two almost certain U-boat sinkings.

MAIN WEIGHT

Mr. Churchill said: "So far the Navy has borne the main weight of the war. If at any time in the future it becomes apparent that we have got the upper hand in an even more marked decisive form than at present, I shall be the first to propose a review of our resources and requirements, but it is certain that attacks will be delivered upon the sea power by which we live, on which we all depend, on a far greater scale than anything which we have so far beaten back or beaten down."

Again referring to the U-boat campaign Mr. Churchill said: "I was in error when some months ago I said that the rate of German new building of U-boats could be counted at two weekly. This, or even more, may be true in the future but it was not true up to the end of 1939."

"The enemy may have ended the year with about 45 U-boats of which about 20 would be required for training, leaving perhaps about 25 for active operations. As these would work in two or three reliefs the number at any one time cannot be very large."

"Indeed our calculations show that it has probably not exceeded that at any one time."

SHARPENING-UP

"Since the New Year things have sharpened up on both sides. We are getting an increasing number of U-boats and we have some quite exceptional weeks of proved results."

"We do not make announcements of U-boat sinkings. Unless there are some features of special interest we leave them wrapped in mystery."

"Remembering the substantial losses

we have suffered from just these few U-boats operating up to the present, the House will see how vast must be the preparations which we ought to make and which we have made to cope with a full-scale form of attack which may come upon us."

"With the passage of Summer, the new building of U-boats will increasingly come into play and we expect to meet them with our very large new building of craft especially adapted to their destruction."

"We shall be building all this Summer at our extreme capacity."

LAYING OF MINES

After mentioning the efforts which are being made to make a large increase in the rate of merchant ship-building in order to replace inevitable losses, Mr. Churchill continued: "The U-boat is being steadily driven from using the gun on the surface and has been largely driven from using the torpedo, laying mines, magnetic and otherwise, in the approaches to our harbours."

"NICELY MADE"

Referring in more detail to the magnetic mine, Mr. Churchill declared: "There is nothing particularly new or novel about it although mechanically it is very nicely made (laughter). I feel entitled to say that we see our way to mastering this magnetic mine and other variants of the same idea (cheers)."

How this is being achieved is a detective story written in a language of its own."

To be modest (laughter) we do not feel at all outdone in science in this country, by the Nazis. There are two stages in the process of dealing with the magnetic mine."

First is finding out what to do and the second is applying that knowledge on a very large scale."

We are now advanced upon the second stage and although we must expect perhaps in the immediate future, further much heavier attacks upon us by this method, we believe we shall find ourselves able to deal with it."

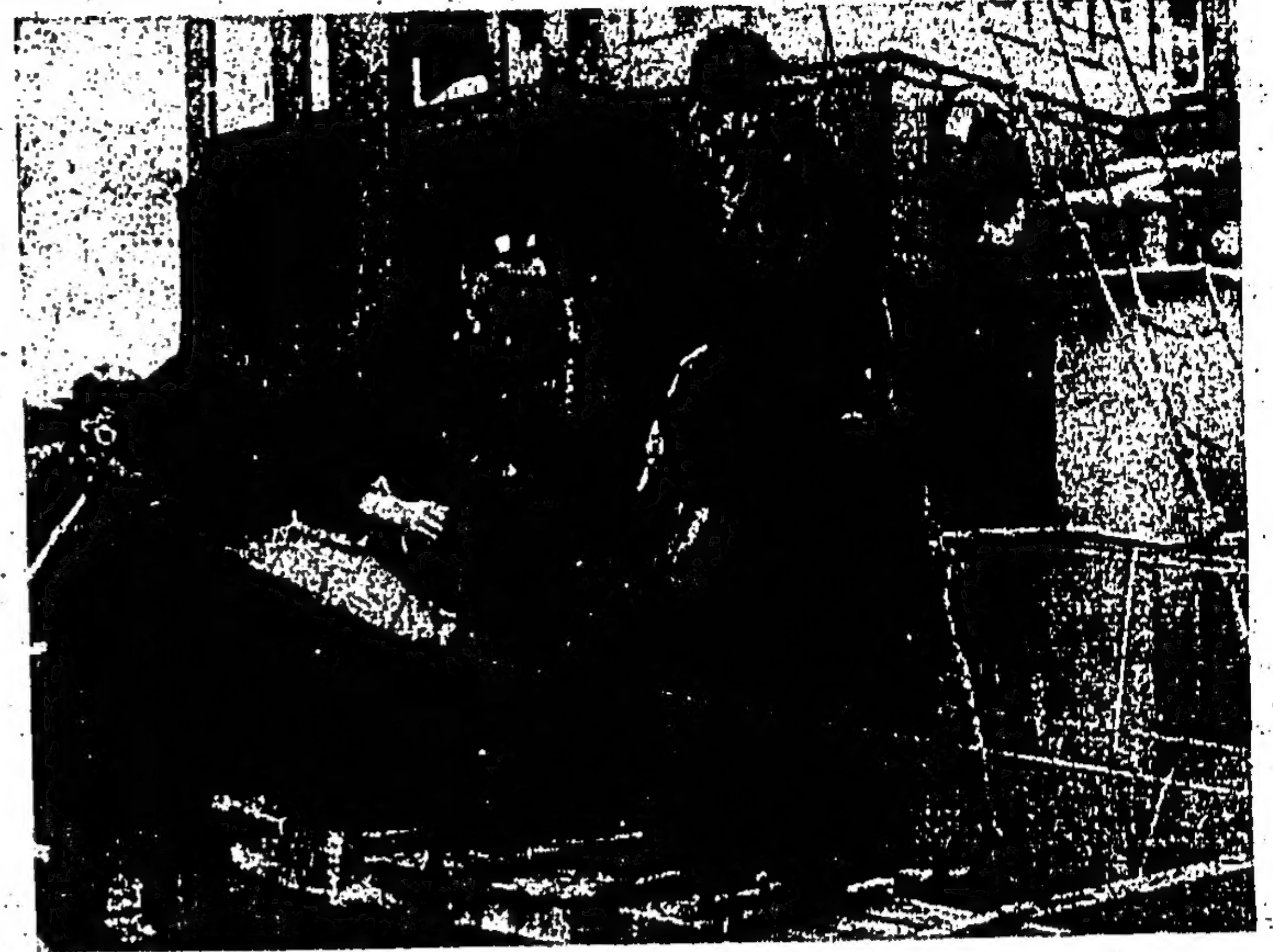
FISHING TASKS

To cope with the mining attack we have had to call on our fishing fleets and fishermen. Although this year we shall have about a quarter of a million sailors at our disposal, we had at the end of November to call for many thousands of volunteers for mine-sweeping duties."

The engagement was only for three months and it is now clear that it must be greatly prolonged."

In many seaports over 75 per cent. of those who volunteered for three months now wish to continue for the duration of the war and the Admiralty are going to meet their wish (cheers)."

So execrable has been the behaviour of some German aviators in



The Nazis are continuing to attack ships from the air. These air pirates attack trawlers, colliers and other small vessels. Yesterday the R.A.F. brought down two of these air pirates. Photo shows ambulance men carrying one of the wounded sailors ashore from the tiny vessel "Tewdale" which was bombed and gunned off East coast on Feb. 3. The skipper was killed and four of crew wounded. (Air Mail. Copyright).

attacking harmless unarmed vessels and machine-gunning the crews when in boats and in describing on the radio 'what fun it was to see the little ship crackling up in flames like a tree' that we have had to set about arming all our fishing boats and small craft with means of defending themselves (cheers)."

"We have reason to know that several of them have sheered off very quickly when they found that fishermen who had only just been given a weapon, fired back upon them."

CONVENTIONS!

"Thousands of guns of all sorts and sizes are being issued to our merchant and fishing fleets. The Nazis have resorted that this entitles them to break all conventions which they had already broken many times over (laughter). They may, of course, apply their methods on a larger scale but they have not for some time been able to descend to any new level of cruelty and disgrace."

"I suppose the House realises that Hitler and his Nazis have quite definitely exceeded the worst villainies which Imperial Germany committed in the last war (cheers)."

"One of the most extraordinary things I have ever known in my experience is the way in which German illegalities, atrocities and brutalities are coming to be accepted as if they were part of the ordinary day to day conditions of war (cheers). Why, the neutral press makes more fuss when I make a speech telling them what is their duty than they have done when hundreds of their ships have been sunk (cheers) and over a thousand of their sailors have been drowned or murdered—that is the right word—on the open seas."

A NEW DOCTRINE?

"Apparently, according to the present doctrine of neutral states, probably endorsed by the German Government is to gain one set of advantages by breaking all the rules and committing foul outrages and then go on and gain another set of advantages through insisting whenever it suits her upon the widest interpretation of the international code she has torn to pieces."

"It is not at all odd that His Majesty's Government is getting rather tired of it (cheers). I am getting rather tired of it myself."

For my part I say without hesitation that in the interpretation of rules and conventions affecting neutrality, humanity rather than legal pedantry must be our chief guide (cheers) and, judging from the Almark episode, this seems to be the opinion not only of the British na-

tion but of the civilised world."

NAVAL SUPERIORITY

Referring to battleships, Mr. Churchill said: "If we had not got at the present time unquestionable superiority in battleships, German heavy cruisers would come out into the Atlantic Ocean and, without fear of being brought to account, would be able to obstruct, if not arrest, the whole of the enormous trade without which we could not live (cheers)."

"They might make temporary bases in different quarters of the globe and they might establish themselves in positions in which we could have no means whatever of attacking them."

"In this way they would soon bring about our mortal ruin."

Happily we have far greater strength in capital ships than the enemy and if at any time they break out as they may do we are always ready to meet them with much larger forces and bring them to battle and destroy them as we did in the isolated case of the Graf Spee."

"Without a superior battle fleet we could not exercise any command of the sea nor even keep ourselves alive with food."

GERMAN WEAKNESS

Recalling that during the last war Britain had to keep always ready 30 or 40 battleships, with attendant squadrons and flotillas to fight a main battle at any time, Mr. Churchill said: "Now that this preoccupation of humanity has diminished. The enemy have only two really big ships and cannot attempt to form a line of battle."

"We have at least three if not four lines of battle, not one of which the enemy could face in a fought out engagement. Therefore we are able to dispose our ships much more widely and at the same time keep ample forces always at sea ready to engage the enemy's principal vessels should they present themselves."

"Upon this fact depends the whole of our sea control."

NEW WARSHIPS

Mr. Churchill mentioned that the new warships Britain was building were capable of standing up to air bombing and were far better adapted to under-water explosions than anything they had to-day."

Saying that he did not wish to raise any undue apprehensions about the strengths of the existing ships, Mr. Churchill announced that the Barham, an old ship which stood up well to a torpedo, would soon be repaired and ready for sea, and that Nelson, a modern ship but nevertheless 15 years old, damaged by a magnetic (Continued on Page 7)

WELLES VISIT CAUSES WORRY AMONG NAZIS

(SPECIAL TO "CHINA MAIL")

BRILLIANT CHURCHILL SPEECH ON NAVY VOTE

(Continued from Page 6)

mine, would soon be rejoining the fleet.

This secret of which many thousands of people were necessarily aware, was very well kept," Mr. Churchill observed amidst laughter, "and has only just leaked out into Germany after it has ceased to have any importance."

SCAPA FLOW

Apart from the Royal Oak and Courageous, no other large ships have been damaged or sunk since the outbreak of war during the very difficult Winter months."

Referring to the fact that ships great and small had been at sea more continuously than was ever done or dreamed of in any previous war since the introduction of steam, Mr. Churchill said that since the Royal Oak was sunk we had not the use of Scapa Flow which of course was our best strategic base.

Mr. Churchill paid glowing tribute to the engineering branch of the Royal Navy for the fact that even ships with old engines had steamed 90 days or more out of the first 119 days of the war.

NORTHERN SYSTEM

There was, added Mr. Churchill, very little doubt that the whole northern system of contraband control would become far more efficient as the forces increase and long nights turn into long days as summer weather enabled amphibian aircraft to range constantly over the whole area.

There would be no difficulty from the naval point of view in making the blockade more severe but no one could neglect the serious character of political decisions which were dictated by relations with foreign countries.

The balance had to be struck between full efficiency of naval control and the hardship it might inflict on friendly neutrals.

NAVAL LOSSES

After these six months of war, we lost 63,000 tons of warships or about half the losses of the first six months of the last war. We had lost, on the balance of gain and losses, less than 200,000 tons of merchant shipping out of a total of 21,000,000.

This could be compared with 450,000 tons lost in a single deadly month of April, 1917.

We had captured more cargoes in tonnage destined for the enemy than we lost.—Reuter.

FIVE NEW BATTLESHIPS

Mr. Churchill revealed that in short time the fleet would be reinforced by the five modern battleships of the King George V class.

In January, Mr. Churchill said the "Navy carried safely into British harbours in the teeth of U-boats, mines and winter gales, and fog, considerably more than four-fifths of the peace-time average taken on the whole summer and winter alike of the three preceding years."

INCREASING VIGOUR

And exports, he added, were equal in December and January to some months of 1938. With the seasonal increase at hand, he saw no reason apart from any new development in enemy action, why the figures not be improved upon and considering the number of ships withdrawn for naval and military transport service, Mr. Churchill said then there was nothing in these results justifying the idea that British national life was endangered. That life continued with increasing vigour.

"Any reductions and austerities in home consumption which we found or find necessary to impose upon ourselves are not due to any failure of

Paris, To-day.
MR. SUMNER WELLES' STAY in Italy is causing much worry in Berlin," writes Madame Tabouis in "L'Oeuvre," while the rest of the French press devotes much comment on Mr. Welles' visit to the main capitals of Europe.

Madame Tabouis goes on to say: "President Roosevelt's initiative is considered in Berlin as an attempt to bring pressure to bear upon Rome.

"Mr. Welles' trip is being interpreted as American approval of the Vatican's and the Quirinal's policies as opposed to the German plan for the creation of an alliance between Italy, the Reich and Russia.

"According to information allegedly received at the Wilhelmstrasse, Mr. Welles has been authorised to enter into extensive negotiations for granting American credits to Italy.

"Such credits would place Italy in a position for ensuring the independence of her economy and thus prevent closer co-operation between her and the Reich." — Havas.

HITLER TO DINE WELLES

Berlin, To-day.
Mr. Sumner Welles, President Roosevelt's special, personal "European Observer," is expected to be Hitler's guest at a dinner and to confer with both Ribbentrop and Goering.

So far, however, the Nazi newspapers have not mentioned his arrival in Rome or the fact that he is coming to Berlin.—Reuter.

FREEDOM OF POLITICAL OPINION

(SPECIAL TO "CHINA MAIL")

Paris, To-day.
From to-day onwards, the French Press will again enjoy, as in peace-time, entire freedom of political opinion.

An announcement to this effect was made to the Chamber of Deputies by the Premier, M. Edouard Daladier, who was closing the debate on Propaganda and the Press.

He declared that he had given the order to the Censor not to interfere with the expression of political opinion. — Havas.

the Navy to keep the seas open but in the need for making prudent preparations against the unknown and raising the war effort to the highest pitch." — British Wireless.

MR. ALEXANDER'S TRIBUTE

For the Opposition, Mr. A. V. Alexander paid a tribute to the First Lord's leadership of the Navy and continued: "We desire to pay our tribute to the work of the Navy since the war broke out. It certainly has been magnificent."

He continued, amidst cheers: "I feel we should recognise officially in this House the very great service the Navy feels has been rendered it by its colleagues in the French Fleet who have done magnificent work on the sea." — British Wireless.

VOTE APPROVED

London, To-day.
The Commons agreed to the Navy Vote for men and money. — Reuter.

U.S. BROKERS INCREASE INSURANCE RATES

(SPECIAL TO "CHINA MAIL")

New York, To-day.
The insurance rate for maritime navigation risks, collisions and foundering, have been increased for the second time since the beginning of the war. The increase is eleven cents per hundred dollars. — Havas.

U.S. EXPORTS TO SOVIET GOING ON TO GERMANY?

London, To-day.
ANSWERING SUGGESTIONS in the House of Commons made at question time yesterday, that American shipments of tin, oil and rubber to Vladivostok, might be finding their way to Germany, Mr. Ronald Cross, the Minister of Economic Warfare, said he was aware that shipments of tin and rubber from America to Russia had increased in the past few months.

He added, however, that shipments of petroleum appear to have decreased.

He had no information on whether part of these materials were being re-sold to Germany.

Mr. Geoffrey le Mander (Lib.) suggested that the Government should obtain assurances on the point from the United States Government.

Mr. Cross pointed out that the United States was a neutral country. He did not feel it to be our best course to make a direct approach.

Mr. Mander recalled that negotiations were proceeding with a number of neutrals to prevent this kind of thing and asked why the United States was excluded.

Mr. Cross said that the countries with which these negotiations were proceeding are subject to our contraband control but there is no such sanction where the United States are concerned.—Reuter.

QUIETER SESSION ON LONDON MARKET

London, To-day.
After a quieter session, markets brightened up in the final stages yesterday with gilt-edged Home rails tending to improve.

Oils maintained their earlier gains but Industrials moved irregularly.

Kaffirs were most quiet pending the presentation of the South African budget. Commodities: Tin was strong and active following yesterday's reduction of the quota.

The bulk of the business was mainly speculative. The turn-over amounted to 525 tons. Wall Street: Steady. — Reuter.

STEAMER ACCIDENTALLY RAMMED

London, To-day.
Seventeen survivors of the Swedish steamer, Nordla, 1316 tons, stated to have been accidentally rammed and sunk in the darkness off the Norwegian coast, have been landed at a Scottish port by a British warship. Two men are missing.—Reuter.

COLLISION WITH SUBMARINE

Oslo, To-day.
The Nordla sprang a serious leak as a result of her collision, which was with a submarine.

The crew managed to keep her afloat with the pumps until within sight of the Norwegian coast, when the ship was half-submerged. The crew were taken off by a Danish ship.

The submarine's periscope was torn off but her ultimate fate is as yet unknown.—Reuter.

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MIRROR OF WORLD OPINION

FRANCE

A warning to the neutrals against German "blackmail and lies" is uttered by M. Blum in the "Paris Soir." "Great Britain and France are not dragging the neutrals into the war," he affirmed. "The war is itself dragging the neutrals into it. Great Britain and France are fighting without the neutrals, and do not ask the latter to fight with them, but they are fighting for them as much as they are fighting for themselves."

"There is no neutral Power in Europe or even in the world which can remain ignorant of the fact that a victory for the democracies will be her own victory, whereas a victory for Hitler and Stalin would be her defeat. . . . From the beginning of hostilities Hitler and Stalin, who are accusing us of dragging the neutrals into the war, have never ceased to violate and to trample on neutrality unscrupulously and pitilessly."

UNITED STATES

The fact that Italy is sending planes to Finland means that Signor Mussolini is in earnest when he asserts that he will fight Communism whenever an opportunity presents itself. This view is taken in the "New York Daily News," which states: "This would indicate that Hitler cracked the Rome-Berlin axis beyond repair when he made last August's deal with Russian Communism."

Referring to the differences in the life of the democracies as compared with that of the Nazis and the Communists, the "New York Times" says:

The Nazis and Communists can find plenty of flaws in the public life of France and Britain. They can find defects in their own public life. A Congressional investigation committee can always fish up something. The reason is that countries in which democracy rules are not able to hide or bury their blunders.

JAPAN

The Anglo-German war was unforeseen by Germany, says the Nationalist magazine "Japan and the Japanese."

Had Germany been confident of victory she would have taken the initiative in attacking England. Germany carried out her illegal invasion of Poland because she could overthrow that country at one stroke. The present war can therefore theoretically be regarded as a war in which Germany had no prospect of victory from the start. "Britain and France are waging a just war, and they should, of course, win," the article concludes. "Together with the United States they stand for democracy and restraint, and they are not aggressors, Japan has nothing to lose by their victory."

RUSSIA

The allegation that Britain and France are trying to direct war against Russia is made in the Soviet press. "Pravda," organ of the Central Committee of the Communist party, says:

The bosses of English and French imperialism are trying hard to direct the war against Russia. They have dragged Mannerheim, Tanner, and White Guard bands into war-like adventures against our country. But however hard the English and French imperialists and those with them try, their plans are doomed to failure. The plan to use Finland as a base for military intervention against the Soviet will be ruined by a crushing blow from the Red Army.

YUGO-SLAVIA

A possibility of German mediation in the Russo-Finnish war is mentioned by the Berlin correspondent of the "Politika," who refers to rumours connected with the arrival in Berlin of the German Minister to Finland and the German Ambassador to Russia.

Foreign quarters (he writes) consider that such intervention is not impossible, and the Reich would gladly accept the part of mediator. Should she succeed Germany's south-eastern and northern wings would be covered in case of military action expected in the spring. To this hypothesis Berlin officials take a negative attitude, and consider that the present situation is unsuitable for intervention.

HOLLAND

The need for help to be sent to Finland is again stressed in the Dutch press.

"Finland's fate is a warning to all Europe," states the "Handelsblad." "It is the duty of all who would serve peace to use all their strength to keep Bolshevism from Western Europe."

SWEDEN

The urgency of the Finnish need for anti-aircraft equipment and aeroplanes is stressed in the Stockholm "Tidningen," the organ of the People's party.

Our duty is clear, and it is in our interest to give all material help possible. A free and independent Finland is a vital Swedish interest, and the Swedish Government must act on this basis. The neutrality of the Aaland Islands is a question of the first importance. Repeated Russian violation of this neutrality must not be ignored by a responsible Swedish Government.

FINLAND

Soviet relations with Britain and France have taken a turn for the worse, according to the "Uusi Suomi." Referring to the French search of Soviet premises in Paris, this paper asserts that there is a possibility that similar measures will be taken by the Russians against the French in Moscow.

In a leader on the Balkan question, this paper considers that Germany is drawing closer to the Italian attitude and may possibly have rendered services to Signor Mussolini's policy of calming the Balkans.

TURKEY

Germany will be forced to begin an offensive shortly because of eight factors, the most important of which are the British blockade, lack of petrol, and the fact that the rule of terror in the Reich is putting the nerves of the German people on edge. This belief is expressed in the Turkish journal "Ikdam."

Contrasting the publication of Hitler's speech in the British press with the failure of the German press to print Mr. Chamberlain's statement, "Tari," the organ of the People's party, states, "Those who are afraid of the judgment of their own people betray the fact that they themselves do not believe in the justice of their cause."

NORWAY

The Norwegian press continued to condemn Nazi methods of waging war at sea.

Answering Nazi complaints that Scandinavia shows no understanding for Germany, the Conservative "Morgenbladet" asks "Where is the understanding for us?" and enumerates the brutal weapons used against neutral ships.

Western Civilisation Fighting For Its Life WAR CHALLENGE TO YOUTH

London, To-day.

SPEAKING AT A LARGE University gathering at Oxford yesterday in the dual role of Chancellor of the University and Foreign Secretary, Lord Halifax dwelt upon the deeper philosophical and spiritual issues which seemed to him involved in the present war and, in particular, discussed the impact upon the mind of youth of the second appeal to force in a quarter of a century. He recalled the circumstance that the Foreign Secretary in office when the last war broke out later became Chancellor of Oxford University and said that Lord Grey had hated war and had done his utmost, as his successors in office to-day had done, to avoid war.

Taking as his text, Earl Grey's famous aphorism on August 4, 1914, Lord Halifax said: "We also observe with deepening anxiety the growing darkness in Europe. Our attitude to those instruments of force to which we are compelled to have resort in defence of the highest things for which and by which we live — our views about war — both these are unchanged."

What he thought had changed was the temper of the nation and of the young men to whom came the call to arms when faced with war.

To-day it was one of set determination rather than any feeling of a great unknown adventure.

DISILLUSIONMENT

Referring to the element of disillusionment he perceived in the mind of youth, he freely conceded the

existence of war in Europe to-day was a sign of failure or something more than failure in Western civilisation, but he was more appalled by the fact that the conflict seemed to him less one between the older generation which had failed, and the younger generation, than between youth and youth.

What has been the driving force behind the Nazi movement? It has been German youth.

Deliberately deprived as they have been of the elements of true judgment, it is they who made the movement and still sustain it.

They have their own ideals which, to our minds, are distorted, but for which hundreds of thousands of them are prepared, without a moment's hesitation, to sacrifice their lives.

THE BARRIER

There is what seems to be an impenetrable barrier dividing you from them which somehow must be broken down if we are not to go on living always in this waste land and if the European temple of civilisation is to deserve and win a rekindling of the lamps.

Remarking that an average, thoughtful citizen of the Nineteenth Century who returned life to-day would be astounded by the moral retrogression of Europe and the devastating perversion of youth in Germany, the Foreign Secretary continued: "Do not let me overstate the case.

"I am far from thinking the wounds inflicted on our civilisation need be mortal. But I do think we are fighting for its life and inasmuch as that life finally depends upon the ideals that inspire it, I think we have no choice but to resist and defeat by force the attack to which those ideas are now exposed."

THE SPIRIT BEHIND

He added that always it is the spirit behind the application of force which makes or mars its value. And we may assuredly hope that the same spirit which gives physical and moral courage to defend the menaced values of life to-day will avail us when we come through the Valley of Dark Decision to the work of reconstruction.

What was at stake in this war, Lord Halifax said "is whether the nations that desire peace must perpetually be faced with war if they are not prepared to accept any settlement force may seek impose upon them."

SHEER NONSENSE

The racial doctrine of the Nazi creed he characterised as sheer nonsense and what was worse—a doctrine invoked in justification of the oppression of other races which became a crime against humanity.

He concluded by contrasting this with true pride of race.

Of the British achievement, he said: "We may readily admit that

U-BOAT RAMMED AND SUNK

Paris, To-day.

It is officially announced that a French destroyer yesterday rammed and sank an enemy submarine.

The torpedo-boat "Blmoun" sank the U-boat off Cape Finis-terre.—Reuter.

we, like other men, have often fallen short of our professions. Our history not been free of faults.

JUDGED ON FACTS

It has taken time to establish in universal practice the principles which have now won general acceptance. And there are things to-day within our body politic which we need to fight not less intensely with other weapons than we fight the enemy without.

"But the broad record of the British race stands to be judged on facts that the incontestable. It is a fact that during the 19th Century when the power of this country was unchallenged, there was no nation in Europe which felt for that reason insecure or did not recognise our power to be instrument of peace.

"Pax Britannica has been no empty self-righteous boast of purpose. It is a fact too, that in every corner of the world where men of the British race have established influence, there, by an immutable law of nature, you find established the seed of the plant of liberty. It is a trail by which is marked a progress interpreted to all by the standard of good faith, respect for law, and equal justice.—British Wireless.

CEYLON COUNCIL CRISIS

Colombo, To-day.

All six Ceylon Ministers resigned yesterday evening.

The sudden crisis was precipitated by the Governor's decision in connection with differences which had arisen between the Home Minister, Sir Baron Jayatilaka, and the Inspector-General of Police, P. N. Banks, regarding the carrying out of the State Council's decision to postpone certain criminal proceedings.

The difference originally developed from labour trouble on an up-country estate on January 10, leading to the institution of criminal proceedings against the rioters on the one hand and the appointment of a Commission of Enquiry into the alleged shooting by the police on the other.

The Home Minister subsequently protested to the Governor that Banks had not carried out "the instruction" to postpone the cases pending the Commission's report as decided by the State Council.

STATUTORY RESPONSIBILITY

The Governor, though regretting that Banks had not "worded his letter more happily" to the Minister, did not think there had been insubordination as alleged.

He also pointed out the statutory responsibility imposed on the police and doubted the propriety of the procedure adopted by the Home Minister.

The Minister maintains that the question goes to the root of the Donoughmore Constitution.—Reuter.

STRANGE NEW WORD MEANINGS

LONDON, TO-DAY.

THE ANKARA PAPER, "ULUS" STATES THAT THE MEANING OF NEUTRALITY HAS BEEN MODIFIED BY GERMANY WHICH DEEMS NEUTRALITY IS VIOLATED IF ANY STATES DECLINE TO SELL HER GOODS AT HER PRICES OR ACCEPT THE RESTRICTIONS OF THE CONTRABAND CONTROL OR COMBINE TO PRESERVE THEIR INDEPENDENCE; IN SHORT, UNLESS THEY SERVE THE AIMS OF HER FOREIGN POLICY.

The meaning of aggression has suffered strange changes. Thus the Germans are not aggressors in Poland!

The Allies were the aggressors for trying to thwart that attack!

When she destroyed Czechoslovakia, Germany was only depending on herself against her victim!

The partition of Poland was merely an act of self-defence and the Poles, by resisting, were aggressors!

Such new definitions have at least merits in throwing light on German policy.

The Istanbul paper "Yeni Sabah" states: "Mr. Chamberlain's speech was sincere as always. It was moderate in tone but this was not due to fear, as Britain is stronger militarily and politically than at the outbreak of the war.—Reuter.

SIX WOUNDED IN PARIS STREET

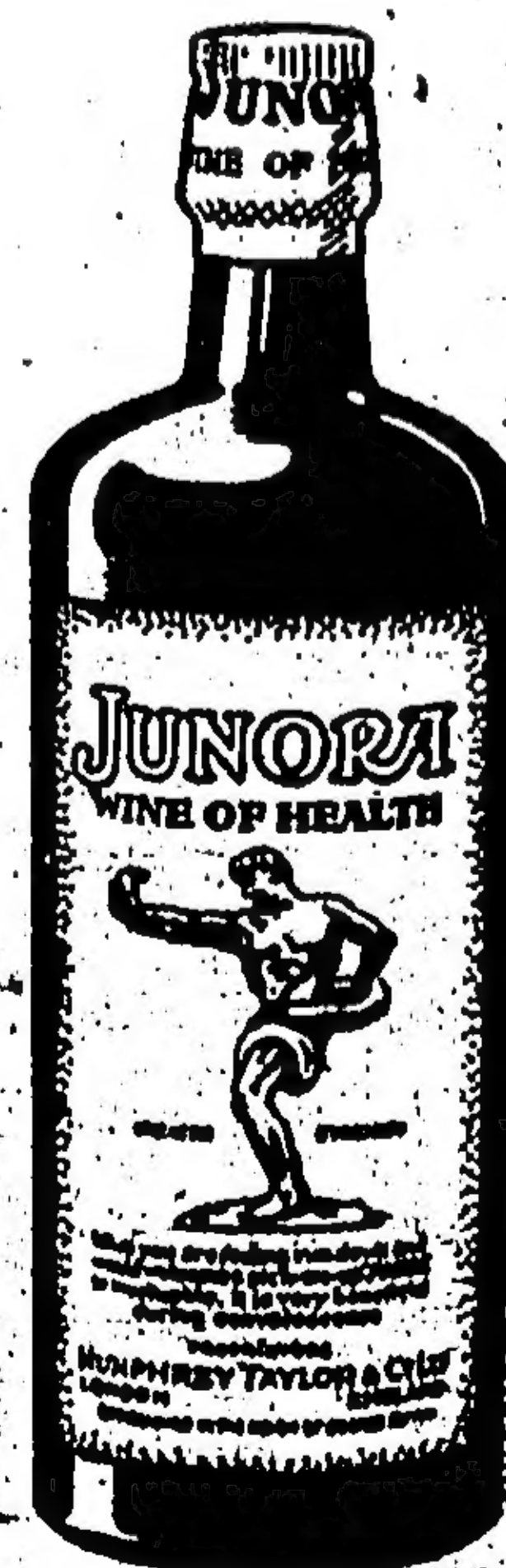
Paris, To-day.

Six people were injured, one of them seriously, by a shell which exploded on the pavement when the anti-aircraft batteries opened fire last night.—Reuter.

"AN OLD FRIEND" RETURNS!

JUNORA

(THE WINE OF HEALTH)



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TWO HEINKELS SHOT DOWN: R.A.F. KEEPS UP RECORD

London, To-day.
TWO MORE HEINKEL BOMBERS were shot down off Britain by R.A.F. fighters yesterday, the first during the noon period in the mouth of the Firth of Forth and the second being shot down a little later off the Northumberland Coast.

Three of the latter's crew took to their rubber boat. These German attempts at reconnaissance are proving a costly business — to the Nazis. These last two 'planes bring the total number brought down over or near the British Coast since war began to 43. In addition, 9 others probably failed to get home.

Not one British fighter has been lost in these fights.

A striking contrast is provided by the activities of British 'planes over Germany.

On Monday night, for the fourth time in five days, extensive flights were carried out over Germany; they were probably the most extensive of the war. The 'planes visited Berlin, Heligoland, German North Sea coast ports and German sea ports in the Baltic.

Earlier flights were:—

Thursday: Austria and Bohemia.

Friday: Kiel, Hamburg, Bremen and Prague.

Saturday: Heligoland Bight and North-West Germany.

Sunday was a "day off."

Monday night's flight over the Baltic is particularly interesting, as it is believed that the Nazis have moved their seaplane bases there from the Heligoland Bight as a result of the regular patrols of the R.A.F. over the islands.

ISLAND PATROLS

These "island patrols" were carried out as usual on Monday night in addition to the more extensive patrol.

The R.A.F. encountered no resistance during their flight over Germany. Nearly all the returning British pilots comment on this.

Some of them, indeed, have allowed themselves to be picked out by searchlights, partly to see what would happen, and partly to bring back the maximum of information.

Even then, there was no anti-aircraft fire and not a sign of the famed Messerschmidt fighters, which were expected.

LEAFLETS IN BERLIN

As a result of Monday's flight, the R.A.F. pilots believe that at least some of the leaflets they dropped fell in the main streets of Berlin. It is

known for certain that many thousands fell in Berlin's suburbs and environs.

What the German people keep thinking about these flights is difficult to imagine, for they have been frequently assured by none other than Goering himself that Berlin was safe from air attack. — Reuter.

ROOSEVELT MESSAGE TO POPE

Vatican City, To-day.

President Roosevelt, in a message to the Pope concerning the appointment of Mr. Myron Taylor, says:

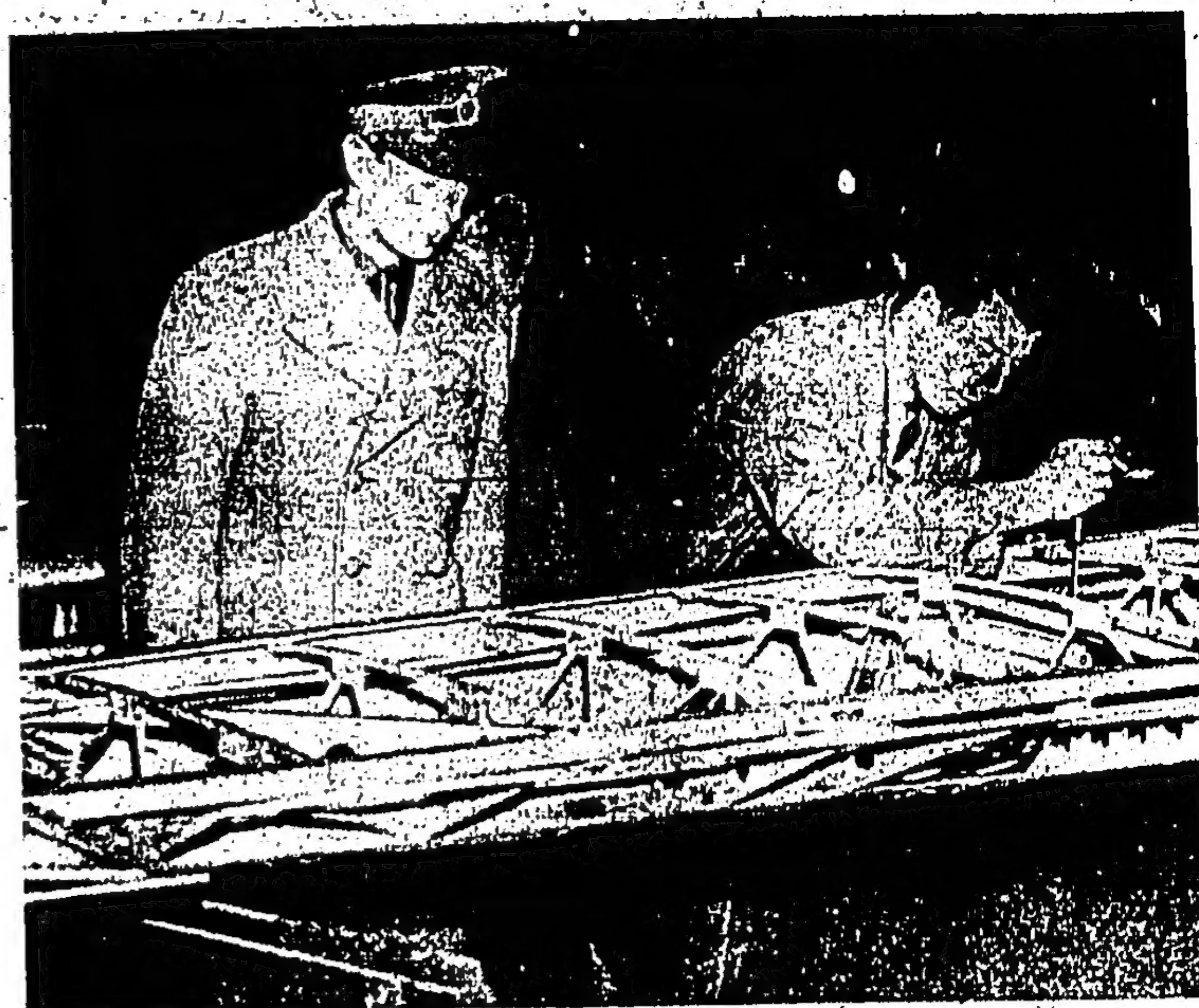
"I should be very happy to know that he will form the focus for all the views Your Holiness, and I may desire to exchange in the interest of concord between the peoples of the world."

"I have asked Mr. Taylor to give my cordial greetings to Your Holiness in the sincere hope that our common ideal of religion and humanity may show itself in a common path for the re-establishment of a more durable peace founded on liberty and security of life and the integrity of all nations under the protection of God." — Reuter.

"LOCAL ACTIVITY"

Paris, To-day.

The GHQ communique states there has been local activity of contact units and artillery. — Reuter.



The King watching the assembly of wings for Lysander aircraft. The Lysander is specially built for Army co-operation work. (Copyright, Fox).

R.A.F. EVADES SCREAMING "ONIONS"

LONDON, TO-DAY.

LONG-DISTANCE BOMBERS WHICH LANDED AT A FRENCH AERODROME BEFORE DAWN YESTERDAY AFTER PARTICIPATING IN THE MOST IMPORTANT SERIES OF RECONNAISSANCE FLIGHTS OVER GERMANY SINCE THE WAR BEGAN RAN THE GAUNTLET OF THE WHOLE NAZI ANTI-AIRCRAFT DEFENCE WITH ONE EXCEPTION, REPORTS REUTER'S SPECIAL CORRESPONDENT WITH THE BRITISH AIR FORCES IN FRANCE.

Fighters were seen but made no attempt to attack the raiders.

Over the heavily-fortified areas of Western Germany, four Messerschmidts were spotted at different points. The bombers were caught in the beams of multi-coloured searchlights; this activity was greatest over the Ruhr.

Heavy anti-aircraft fire was first encountered in the neighbourhood of Cologne and Düsseldorf. One section of the flight was under intense fire for some minutes and for another spell dodged spasmodic bursts.

"SCREAMING ONIONS"

"Screaming Onions"—incendiary shells which in some cases are linked with chains designed to wrap themselves around the raiders and send the 'planes crashing to earth in flames — were discharged at the aircraft but missed the mark.

One battery of four guns fired greenish-coloured balls and elsewhere red and orange fireballs were shot under our 'planes. This nightmare flight was one of several carried out.

The series announced by the Air

SERIOUS ALLEGATION

A Chinese girl and a poultry stall foki were before Mr. T. J. Houston this morning, charged with conspiracy to procure abortion. The girl was further charged with attempting to procure abortion.

The accused were Wong Kwai-hing, 27, spinster, and Lo Yiu, 24.

It was alleged that the unborn child was illegitimate.

Det.-Inspector O'Donovan asked for a week's remand, which was granted.

Ministry yesterday morning constituted the fourth R.A.F. night survey of Germany in five days.

The 'planes first visited Borkum, base of mine-laying seaplanes, and after that separated for the two main objectives—Berlin and the Ruhr.

FLARES ON BERLIN

Leaflets and recognition flares were dropped on Berlin, where not a single searchlight came on, although the planes came down to a few thousand feet above such famous streets as Unter den Linden and the Wilhelmstrasse to release their loads.

Only one fighter was seen here, but it did not attempt to engage the British raiders in combat, although they were clearly visible in the bright moonlight. More leaflets were dropped on Cologne.

Other towns flown over included Emden, Duisberg and Dortmund, whose most important details were observed by the 'planes, and, it is believed, by those which flew over important seaports in north-west Germany and the Baltic.

In less than a week, the R.A.F. nightfliers, with the help of photographs and ordinary observation, have secured a great mass of new information about Germany with little or no loss. — Reuter.

EAT AT —

Jimmy's Kitchen

INEXPENSIVE SATISFYING

Bringing Up Father

By George McManus



ANNUAL MEETING OF THE HONG KONG AND SHANGHAI BANKING CORPORATION

Rising Cost Of Government Should Be Studied A FAR FROM GLOOMY CHAIRMAN'S SPEECH

China Bond Service: Stabilisation Fund

"I BELIEVE THAT MOST OF US CONCUR WITH THE REMARKS OF THE WAR REVENUE COMMITTEE ABOUT THE CONTINUOUS RISE IN THE COST OF GOVERNMENT AND SUPPORT THEIR RECOMMENDATION THAT AN OFFICIAL INVESTIGATION SHOULD BE HELD TO ASCERTAIN WHETHER ECONOMIES CANNOT BE EFFECTED," SAID THE HON. MR. A. L. SHIELDS, CHAIRMAN, AT THE ANNUAL MEETING OF SHAREHOLDERS OF THE HONG KONG AND SHANGHAI BANKING CORPORATION TO-DAY AT NOON.

Mr. Shields warned that vexatious wartime restrictions, the recent increases in duties and the new taxation proposed to enable Hong Kong to share the burden of the war effort of the Empire, might have an indirect effect upon the ordinary revenues of the Colony before long.

The speech on the whole was far from gloomy, and sounded determination to carry on and face with confidence whatever the future may have in store. In a brief reference to the effects of Sino-Japanese hostilities, Mr. Shields said that "the economic system in Japan is undergoing severe strains and it is by no means easy to judge how developments will work out in the present year."

Japan, he added, is certainly in a position to take advantage of the opportunities now opening to the Far East as a result of the war (in Europe) but the many and increasing difficulties resulting from the conflict with China are a serious handicap.

The Hon. Mr. A. L. Shields said:—
Ladies and Gentlemen,—After making full provision for all known losses and contingencies and after writing down investments, the net profits for the year amount to \$13,353,965.48, to which must be added \$3,400,634.26 brought forward from last year.

The interim dividend of £400,000 paid at 1/2 3/4 and Directors' remuneration has to be deducted. There then remains available for distribution \$10,165,111.06, which it is proposed to allocate as follows:—To pay a final dividend of £2.10/- per share (subject to the deduction of income tax) \$6,453,781.51 Transfer to Bank Premises Account \$300,000; Carry Forward to New Account \$3,411,329.55.

Your Directors regret that it has been necessary to recommend a reduction in the final dividend by 10/- this year, but I am sure you will realise that the heavy decline in the value of the Shanghai dollar necessarily means a decline in the Hong Kong dollar value of investments which such an institution as the Bank must have in Shanghai. I am glad to say that this loss has been met out of the year's earnings so that the resources of the Bank have not been impaired. I trust you will approve of this action which is, I think, the only sound policy.

REDUCED NOTE CIRCULATION.

With regard to our Balance Sheet, there have been sundry changes, the principal ones being a reduction in our notes in circulation in excess of our authorised issue by 15 million dollars, which is offset by a similar reduction in our holding of Government Certificates of Indebtedness. Current Accounts are lower by some 38 million dollars, but on the other hand Bills Payable are higher by about

18 million dollars. On the other side of the book Cash is lower by 19 million dollars and Securities by 29 million dollars, against which Bills Receivable have increased by about 35 million dollars.

In 1938 your Chairman warned shareholders that conditions in the Far East were more serious than they had ever been in the history of the Bank. Last year your Chairman noted how precarious and changeable the outlook must inevitably be whilst China and Japan remained antagonistic. Now we find ourselves in the third year of this Sino-Japanese conflict which has been taking place on our very doorsteps and the end of which is not yet in sight. On top of this our own country is involved in a war which may prove to be the most serious in its long history.

Considering this state of affairs as well as our proposal to reduce the final dividend, shareholders would have justification for expecting a gloomy report from their Board of Directors. But as a matter of fact the strength of our balance sheet is only too apparent. It is the political outlook that is depressing.

TREATY PORT CLOSURE

I would remind you that several of our branches such as Hankow, Canton, Foochow and Swatow are in treaty ports which are virtually closed to trade. From Hamburg we of course have no information, but the British members of the staff got home safely. Other branches are in places where trade is greatly handicapped by political difficulties, currency experiments and trade controls.

Yet we have weathered the Far Eastern war for two and a half years without suffering any severe

effects. In spite of dislocations at some ports and the closure of certain channels, new outlets have developed and the general rise in the prices of commodities produced in the countries where we operate has caused a welcome improvement in recent months.

Stock markets in the important centres out East have also responded; this too has been decidedly helpful, although we are anxious that such rises should not be overdone.

I do not propose this year to refer to political events in the Far East except in so far as they affect certain topics with which we are particularly concerned. One of these topics relates to the Chinese Government foreign loans, in floating many of which we took a leading part. During the past year these loans, as I am afraid some of you are painfully aware, have gone into complete default for reasons beyond the control of the Chinese Government. The measures taken last Spring to set up a currency stabilisation fund led to hopes that it would be possible for the Government to come to a temporary arrangement whereby during the period of hostilities the transfer of funds abroad for the service of the Customs and Salt secured loans would continue to be possible, even though at a reduced rate.

LOAN NEGOTIATIONS

Negotiations were in fact initiated by the Minister of Finance and discussions took place with the Chinese Bondholders' Committee in London. A question which was raised at that time in the home press was that of the prior rights of certain loans. It was strongly represented, and quite justifiably in our opinion, that under the terms of their contracts the various loans had claims on Customs, or Salt Revenues, or both, ranking in order of date, and that this distinction should therefore be recognised as a matter of principle. Unfortunately before a final decision was reached, the difficulties which arose in the Shanghai Exchange Market forced the Minister of Finance to suspend action.

He made it clear, however, that the interruption of the Debt Service was only a temporary measure, and that the Chinese Government had every intention of resuming the full service of their obligations at the earliest possible moment.

As a gesture of good-faith, estimated quotas of the shares due from Customs and Salt offices, which still remain under the direct administration

of the Government, have throughout the past year been regularly set aside in the Central Bank of China in national currency reckoned at the official rate of 1/2.1/4d.

CUSTOMS REVENUE

The total revenue collected by the Chinese Maritime Customs Administration amounted to 331 million dollars in the year 1939. But in fact roughly 83% of this revenue was collected in ports under Japanese control, and we estimate that at the end of the year some 380 million dollars of Customs funds should have been lying in the Yokohama Specie Bank awaiting the outcome of the Sino-Japanese conflict.

It is clear, therefore, that responsibility for failure to meet the service of the Customs Loans does not for the time being rest on the Chinese Government.

The Customs Foreign Trade figures for 1939 must again be interpreted with great caution owing to the fact that their method of presentation, the fluctuating exchange rates, trade controls and other complications, make comparisons very unreliable. However, an examination of these figures makes it clear that, compared with any of the last three years, import values increased appreciably (and this omits war munitions), whilst export values were lower.

The growth in the adverse balance of trade, which was particularly pronounced in the first half of the year, caused a strain which fell almost entirely on the Shanghai exchange market.

This was so, because trade through the Chinese controlled ports was kept fairly well balanced by the measures of restriction adopted by the Chinese Government, but in North and Central China conditions were such, as I will show later, as to encourage a demand for goods while exports suffered from the situation prevailing in the hinterland. Later on in the year the fall in exchange checked the import demand and the rise in prices consequent on the European war resulted in an improvement in the export position.

TRADE ACTIVITY

In connection with the movement of trade, what stands out above everything else is the fact that in spite of transportation difficulties, military interference and other hindrances, goods continue to flow inwards and outwards in an astonishing volume considering the circumstances.

So long as crops are grown and essential manufactured goods are available, so long will they keep moving in China. The sheer persistence and enterprise of individuals have been responsible for much of this, but the Chinese Government have themselves taken a very active part in fostering the outflow of exports. Naturally the Government's difficulties are now greater than ever before as a result of the loss of Nanning and the bombing of the Yunnan Railway.

Shanghai merchants, both Chinese and foreign, have also played a prominent part in keeping the wheels of trade moving, and last year they managed to overcome many of the obstructions which existed in 1938. A remarkable fact is that the tonnage of vessels which cleared from Shanghai for foreign countries was in 1939 only 6% lower than in 1938, the last normal year, and the port of Shanghai thus shows that it will in due course have no difficulty in recovering its position as one of the first half-dozen ports in the world.

(Continued on Page 2)

CHINA'S TRADE AND FINANCES

(Continued from Page 1)

SHANGHAI REVIVAL

Of great importance too was the manner in which last year Shanghai re-established itself as the main manufacturing and supply depot for such parts of the interior as can be reached (and these are many), for coastal ports and for countries further afield. A clear indication of the growth of this industrial activity is seen in the consumption of electricity supplied by the record output. This was in spite of the fact that Chinese factory owners still left unoccupied and unworked important plants in the Northern and Eastern parts of the Settlement.

While there is a strong undercurrent of optimism in commercial industrial circles in Shanghai, we must emphasise that so long as the administrative problems of Greater Shanghai are unsettled there will be reasons for dissatisfaction about the situation there. A welcome first step has recently been taken to tide over the present indeterminate period, but much remains to be done.

About the financial situation of the Chinese Government I cannot say any more than your Chairman could last year. Recent official figures show that the note issues of the four Government Banks have increased about 1,300 million dollars in the past 18 months. Considering, amongst other reasons, the difficulties of communications; the lower purchasing power of the dollar, and the disorganisation of the Banking system in many parts of the interior, this increase is not regarded as excessive. A great deal of valuable agricultural and industrial development is taking place in West China which also necessitates an expansion of the note circulation.

CHINA'S CURRENCY

Notwithstanding the establishment of the Chinese Currency Stabilisation Fund last April, there arose throughout the year so many adverse circumstances that it is remarkable how well China's currency stood the strain. The unsatisfactory situation in regard to the Federal Reserve Bank note issue in North China further deteriorated after March 10th when the use of Chinese legal tender was officially banned by the Provisional Government at Peking. This enhanced a tendency to seek safety in commodities or foreign currencies.

In May came the inauguration in Central China of the Hua Hsing Bank armed with authority to make another new issue of notes. These actions were in themselves sufficient to undermine confidence. Moreover, to the existing keen merchant requirements for exchange to cover imports, as already mentioned, was added further pressure in the early summer by an even more vigorous demand for import goods, and particularly for raw cotton. This was in turn followed, as so often happens, by rumours and speculative demands for exchange. As a result the rate could not be held at the higher levels. Eventually, after falling as low as 8.3/8d., the outbreak of the European war brought a revulsion of feeling and, with a better export outlook, the end of the year showed a steadier trend. The existence of the Stabilisation Fund remains a powerful factor in the background and there is every reason to expect that it will serve its purpose.

HONG KONG FINANCES

As regards Hong Kong, your Chairman last year said that the currency and finances of the Colony were sound and that we looked forward to the future with confidence. Taking all things into consideration, our confidence has been fully justified; trade has kept up and our local companies have done well despite many anxieties; Government revenue has been maintained in a wonderful manner and the Colony's currency is as sound and as solid as ever.

There are, however, certain aspects of the financial situation of the Colony which give rise to uneasiness. In the past three years expenditure has increased by no less than one-third. It is true that there have been some special reasons which partly account for this, and fortunately revenue has kept pace with the addi-

tional expenditure. But the outbreak of the war with Germany has brought about a change in the situation.

It has been necessary to impose vexatious war-time restrictions, duties have been increased, and new taxation is envisaged in order to enable Hong Kong to bear its share of the war burden of the Empire.

As a consequence the ordinary revenue of the Colony may be indirectly affected before very long. But apart from essential expenditures for defence purposes the Colony has been spending, and is proposing to spend, considerable sums on unproductive measures which entail continuously increasing overheads, including provision for new salaries and pensions, lasting for many years. Once such commitments are made it is exceedingly difficult to prune them down, so I believe that most of us concur with the remarks of the War Revenue Committee about the continuous rise in the cost of Government and support their recommendation that an official investigation should be held to ascertain whether economics cannot be effected.

BUSINESS IN JAPAN

There was little change in the scope of our business in Japan during 1939. A considerable expansion took place in the values of foreign trade, and exports to what the Japanese call the Yen-bloc countries were exceptionally high—that is to China, Manchoukuo and the Kwantung Leased Territory.

It is clear, however, that the economic system in Japan is undergoing severe strains and it is by no means easy to judge how developments will work out in the present year. The European war has benefited the country, but not yet so much as was hoped.

Japan is certainly in a better position to take advantage of the opportunities now opening to the Far East as a result of the war than others, but the many and increasing difficulties resulting from the conflict with China are a serious handicap.

I have little to say about the other countries in the East where we have branches. Up to the outbreak of the war conditions were dull and featureless, and it is a cynical reflection of the tragic state of the world that when war broke out trade at once improved in India, Malaya, the Philippines and the Netherlands Indies. We trust that while traders in these countries will obtain reasonable advantages from the rise in the prices of the primary commodities which they produce, they will at the same time remember the lessons of the past. It is satisfactory that the Home Government, as well as local authorities, are taking measures to check speculation and profiteering which was so rampant in the last

war and which resulted in such a disastrous reaction.

CONSERVATIVE POLICY

Finally, Gentlemen, I want to emphasise that we must not regard the coming year with complacency.

We are recommending a conservative policy in the distribution of profits and are conserving our resources in order that we may face the uncertain future with a reserve of confidence. I trust that all British firms will do likewise, for there are few signs of any striking change for the better, being likely to come over the political situation out here or in Europe in the near future.

We have been warned by our Government of the difficulties ahead. The Chancellor of the Exchequer said recently that the nation will in all probability have to swallow drastic medicine to escape the diseases which very seriously threaten us. None of us can tell what this mad world holds in store a few months ahead. This being so it is immensely important that we should concentrate all our attention on helping to bring the war to a satisfactory conclusion.

Some 40 of our staff employed in London at the outbreak of war are now in the armed forces, and a few others are gradually being mobilised. Moreover, the source of supply for our Eastern staff has now dried up, so the time may come, and I fear undoubtedly will come, when we shall have to put up with serious dislocations and inconveniences. When this is necessary we shall not complain. I am quite sure that British subjects in Hong Kong and the East generally are keenly anxious to be called upon to make any sacrifices that will help our cause. We do not want to escape because of our residence in this part of the world.

TIENTSIN TRIALS

Our friends at home sometimes forget that out here British Subjects have often had to put up with greater hardships and trials than are ever experienced in the Home Country. Without going back further, take for instance the conditions which Tientsin people have been enduring for the past nine months and the state of affairs at Hankow and many of the smaller ports, about which considerable indignation has been expressed both at home and in the East. Such experiences now and in the past make us perhaps all the better prepared in firmness of determination to carry on out here and to face with confidence whatever the future may have in store.

And come what may we shall continue, whatever others may do, steadfastly to uphold those traditions which Lord Halifax recently described as "the old standards of conduct and human decency laboriously built up by mankind." By these methods we fervently

trust that this war will yet result in the establishment of a higher and nobler standard of conduct between nation and nation and between man and man.

I now beg to propose the adoption of the Report and Accounts as presented, and after they have been seconded I shall be pleased to answer to the best of my ability any question that may be asked.

Seconders' Speech

Mr. E. Cock, who followed, said:—Mr. Chairman—Ladies & Gentlemen, Before I second the Chairman's proposal that the Report and Accounts be adopted, I would like, if shareholders will bear with me for a few moments, to submit some observations, needless to say derived from my own opinions.

The first and rather obvious comment is that net profits, compared with the results of recent years, are down about two million dollars. The explanation that investments in Shanghai, and presumably in China generally are responsible, was hardly necessary.

We know only too well the uncertainties which exist and persist since the outbreak of what is known as the "China Incident."

Let us hope that the distressful ordeals to which her people have been subjected will result in China finding a yet greater soul than that which she has so valiantly striven to preserve.

I now refer to the Chinese Government Foreign Loans.

To me, as the man in the street in financial matters, it appears odd that any group of people should be permitted to be in China and to try to take over her assets while ignoring her liabilities. As I see it, the right to collect China's revenues obliges the collector to pay her just dues.

I am glad to hear from the Chairman that the Chinese Government will resume the full service of their obligations as soon as they are able. In doing this they will continue to hold our respect.

SHANGHAI AND HONG KONG

I fully share the Chairman's view that Shanghai will recover its position, for, I believe, that natural things which have come into being of themselves will continue for the very reasons which created them. Nearer home is Canton, cut off now from both China and the world, needing only confidence and contact for its restoration.

Likewise I am in accord with the Chairman's remarks about Hong Kong. I would like to see a greater proportion of the Colony's revenue ploughed back into the Colony. It is a policy which I believe always pays.

(Continued on Page 3)



Special keep-fit classes for women of the London A.F.S. are taking place in London. Their health officer, Company Officer Dieck, is a Danish trained physical instructor and she is conducting a series of classes to enable likely students to become instructors themselves. Photo shows Company Commander Dieck taking a P.T. class in Clerkenwell. (Copyright, Fox).

BANK MEETING

(Continued from Page 2)

Tied as we are by so many bonds to a not fully developed China and so small when compared to her vastness, all we could hope is to bear a torch to light her way.

I think we can truly claim that this Bank has upheld our best traditions and really has shown China, by example as well as by precept, what is the way.

We are glad to hear that the staff in Hamburg got home safely. We are proud that some forty of the London staff are with the fighting forces. The greater burden which will fall on those who are left will, I am sure, be gladly borne.

COURAGE CHARACTERISTIC

Courage is a characteristic of the Bank, and I am glad that the Chairman's review leaves it to me to voice, however inadequately, our appreciation of the staff who have worked with energy and loyalty to give us not only the tangible result of their work of the year but also confidence in the future, which future can scarcely be expected to be more difficult than the times in which we in China have lived.

To many of us whose constant endeavour is, by ways more devious and complicated than the simple way I shall put it to you, effectively to make two by two or two and two into four, there will still be satisfaction that the Bank can make them five instead of five pounds ten.

Not that I welcome the cut in dividend — for who could? — but I am able to find comfort in the fact that the greater the security the less the dividend, while I believe that the smaller the dividend the greater should be — will be — our security.

The Bank functions in so many parts of the Empire that not only its staff but its shareholders and its clients must be considerably involved in the great upheaval in Europe.

In these difficult and dangerous times may we all, working or fighting for that freedom which will surely bring with it happier times for one and all of us, uphold our great traditions.

I now formally beg to second the adoption of the accounts for the year 1939.

OTHER BUSINESS

Following the adoption of the report and accounts, the Hon. Mr. S. H. Dodwell and Messrs. A. H. Compton and G. Miskin were re-elected directors, and Messrs. John Fleming and H. R. Forsyth were re-elected auditors.

ILLEGAL IMPORTS OF CURRENCY

Lo Kun, of No. 179, Queen's Road Central, was summoned before Mr. H. G. Sheldon, K.C., this morning, for importing \$61,000 in Chinese currency on board the s.s. Kau Tong on February 16.

Mr. A. W. Grimmit said defendant brought the banknotes from Macao.

Mr. M. K. Lo appeared for defendant, who was fined \$200.

GENTS' NATTY WAR SUITS

If standardised suits are introduced, the cloth will no doubt be far different from that utilised for civilians in the Great War.

It may possibly, states Men's Wear Council, be produced in a variety of neat designs, and normal colours ranges, and be an admixture of wool and rayon staple fibre.

The Council, however, points out that the likelihood of the appearance of "standard suits" in the near future is very remote.

JEWELLERY STOLEN

Mr. R. C. Stewart, of No. 20, Peak Road, has informed the Police that jewellery to the value of \$577 has been stolen from his residence.

INDO-CHINA ECONOMY STANDS UP

(SPECIAL TO "CHINA MAIL")

HANOI, TO-DAY.

THE EUROPEAN WAR HAS NOT DISTURBED FRENCH INDO-CHINA'S ECONOMIC LIFE, FIGURES JUST RELEASED HERE REVEAL.

September/October exports averaged 373,000 tons, against 376,000 tons in August, and imports 58,000 as against 69,000 in August and the 53,000-ton average for the first eight months of the year.

Principal exports were coal—160,000 tons in October—rice and rubber.

Principal destinations were France and her Colonies, notably French West and Equatorial Africa; China; Japan, and, surprisingly enough, Cuba.

Other economic figures indicate the Colony's healthy situation. The loaded cars index is going up, coal extraction increased by 10 per cent.

Deposits in current accounts increased by 1,000,000 piastres.

The wholesale index of Indo-Chinese stocks on the Paris Bourse climbed from 51 in August to 59 in November.

Improvement was specially noticeable in the plantation industrial stocks group, which scored still more important gains in December.

Rice and corn quotations were steady.—Havas.

LOCAL SHARES

BANKS

Hong Kong Bank \$1460 b., \$1490 s., \$1480/75 sa. C.D.

Bank of East Asia \$77 sa.

INSURANCES

Canton Ins. \$225 b.

Union Ins. \$482½ sa.

China Underwriters \$1 s.

H.K. Fire Ins. \$185 b.

SHIPPING

Douglases \$101 b.

DOCKS, WHARVES, GODOWNS, ETC.

H.K. and K. Wharves \$103 b.

H.K. Docks \$24½/23.60 sa.

Providents \$4.90 b., \$5 s., \$5.05/5.—sa.

LANDS, HOTELS & BLDGS.

H.K. and S. Hotels \$5.60 b., \$5.80 s.

H.K. Lands \$41 s., \$40/40½ sa.

Humphreys \$7¾ b.

H.K. Realities \$5 b., \$5 sa.

PUBLIC UTILITIES

H.K. Tramways \$18¼ b., \$18.40 s., \$18.33/25/30 sa.

Star Ferries \$87½ b.

Yaumati Ferries \$28 sa.

China Lights (Old) \$8.80/70 sa.

China Lights (New) \$5.20 b.

H.K. Electrics \$89½ s., \$89/68½ sa.

Sandakan Lights \$11¼ b.

Telephones (Old) \$31 s., \$31¼/31 sa.

Telephones (New) \$12 b., \$12/12.10 sa.

INDUSTRIALS

Cements \$20/20.20 sa.

H.K. Ropes \$6 b., \$6.10 sa.

STORES, &C.

Dairy Farms (Old) \$23.90/60 sa.

Watsons \$9.60 b., \$9.80 s., \$9.80 sa.

MISCELLANEOUS

Entertainments \$7.40 b.

MANILA SHARES

Antamoks Ps. 15½ sa.

Atoks Ps. 18 sa.

Baguio Gold Ps. 20 b.

Batong Buhay Ps. .01 sa.

Benguet Consol. Ps. 5.75 b.

Big Wedge Ps. 20½ sa.

Coco Grove Ps. 12½ sa.

Consol. Mines Ps. .0035 sa.

Demonstrations Ps. 12 sa.

East Mindanao Ps. 10½ sa.

I.X.L. Ps. 38½ sa.

Ipo Gold Ps. 10½ b.

Itogons Ps. 26 sa.

Mambulao Ps. .013 b.

Masbates Ps. .09½ sa.

Mind. Mother Lode Ps. 10½ sa.

Mine Operation Ps. 10½ sa.

North Camarines Ps. .08½ b.

Paracale Gamut Ps. 22 b.

San Mateo Ps. 80 sa.

Surigao Consol. Ps. 19 sa.

Suyoc Consol. Ps. 12½ sa.

Syndicate Inv. Ps. .022 b.

United Paracales Ps. 28 sa.



These submarine commanders were decorated for their feats by His Majesty the King at an investiture at Buckingham Palace. They were Commander G. C. Phillips D.S.O. (of the submarine Ursula) and Commander E. O. Bickford, D.S.O. (of the submarine Salmon). Photo shows (left to right) Commanders Phillips and Bickford at the Palace after receiving their awards. (Copyright, Fox).

MERCHANT NAVY ARMED

London, To-day.

In the Commons yesterday, Mr. Churchill stated that nearly 2,000 merchant ships were now armed with cannon as distinct from machine guns. —British Wireless.

IMPORT RESTRICTION RELAXED

London, To-day.

Following the recent understanding between France and Britain, the Board of Trade announce that they have arranged for a substantial relaxation in the restrictions on imports from France.—Reuter.

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GERMAN WARNS GERMANS

(SPECIAL TO "CHINA MAIL")

Bern, Feb. 19.

A warning to the German people not to underestimate "the tenacity of the British" was given by General von Metzsch in an article which appeared yesterday in the paper "Deutsche Adelsblatt."

It is possible for England, he said, to place a new, continental army of 1,000,000 men on a war footing.

"Once a decision taken, there is not the least hesitation from the English," he added. "The completion of this plan demands several years. The fact that it has been started indicates that they are determined to wage a long war."

"We are but at the threshold of a war already marked by numerous successes of the German air force and submarines, but many transports are still arriving in England and new constructions, purchases, exchanges, and thefts on a large scale, make up for the losses sustained by the Allied ships by our planes and submarines," General von Metzsch continued.

"There must be no doubt as to the fierceness of which the English are capable, for they certainly do not lack tenacity. We should strengthen our own war potential as much as we can. The French, I may add, are similar to the English in the above respect."—Havas.

ROTAPLANES NEW NAME

The aircraft section of the British Standards Institution has decided that aircraft deriving lift from freely turning wings shall in future be called "rotaplanes." Hitherto the officially recognized title for these machines has been "gyroplanes."

There has been some difficulty about finding a name for the rotaplanes because they were an entirely new invention. The first rotaplane was the Cierva Autogiro, but the name Autogiro is proprietary, and when other machines deriving lift by similar means came into being the problem arose of what they should be called. It was important to avoid their being called helicopters because the term helicopter was already set aside for the type of aircraft deriving lift from one or more power-driven air screws. On the other hand, the Autogiro derives lift from a freely rotating air screw, rotor, or, to take the most exact word of all, windmill.

The Air Ministry follows the lead of the British Standards Institution and will in future call gyroplanes rotaplanes. The definition which will soon be issued by the institution lays it down that a rotaplane derives its support from one or more "rotors which normally rotate freely."

WOMEN WORKING IN PROHIBITED HOURS

Mr. E. I. Wynne-Jones prosecuted in his first case as Labour Officer this morning before Mr. Q. A. A. Macfadyen.

The manager of the Wah Nam Knitting Factory, of Kilung Street, was prosecuted for allowing 20 women to work during prohibited hours. He was fined \$75.

A CORRECTION

An error was made in a recent racing caption in "The China Mail" referring to successes gained by Mr. Eric Moller and his son Mr. "Booile" Moller. Mrs. Moller was stated to have led in the pony, but this should have read Mrs. R. Johannessen.

MR. BUTLER GETS A LESSON IN CONCISENESS

MISS A. M. BOULTER, a £500-a-year assistant, gave her £1,500-a-year chief, Mr. R. A. Butler, Under-Secretary for Foreign Affairs, a lesson in conciseness a few days ago.

It took her 26 words to sum up the work of the Royal Institute of International Affairs (Chatham House) who spend their time snipping newspapers in Balliol College, Oxford, and plying the Government with information at a cost to the taxpayer of £55,000 a year.

WHAT SHE SAID

It took Mr. Butler 1,202 words during a debate in the House of Commons to cover the same subject.

This is what Miss Boulter said on the telephone to a reporter:—

"We have three main functions: to prepare memoranda, to deal with inquiries from Government departments, to produce a survey of the foreign Press for the Government."

Miss Boulter is chief assistant to Dr. Arnold Joseph Toynbee. And Dr. Toynbee, 50-year-old world historian, is the £1,325-a-year head of the staff of 65 experts who form a branch of the Royal Institute.

In the debate on the institute's activities, Sir Stanley Reed referred to "a large and costly body armed with scissors and mountains of paste producing summaries of the foreign Press."

The evacuees from Chatham House, (St. James's-square, W.), laughed at the suggestion.

MANY WOMEN

Half the specialists working under Dr. Toynbee are women. Some are professors' wives, giving their services voluntarily or for a nominal salary.

Mrs. Toynbee, the brilliant daughter of Professor Gilbert Murray, gets £130 a year for half-time duty in the Italian section.

Mrs. Webster, whose husband, Professor C. K. Webster, is said £1,000 a year; Mrs. Manning, wife of Professor C. A. W. Manning (£1,000); and Mrs. Seton-Watson, wife of Professor R. W. Seton-Watson (£1,000) are all unpaid.

The salaries of Professors G. N. Clark (£1,000), H. J. Paton (£1,000), J. L. Briery (£1,000), Sir A. Zimmerman (£1,000) and C. A. Macartney (£800), as well as part of the salaries of two other experts, are paid by the university in return for lectures.

Professor A. G. B. Fisher, in the International Economics Department, gets the second highest salary—£1,200.

The lowest, £25, is paid to Dr. Nathaniel Micklem, principal of Mansfield Congregational College, Oxford, whose job is to gather information about the Roman Catholic world.

'LOST' SON IS PRISONER

A postcard, written in German, delivered at Waltham-terrace, Queenborough (Kent), has informed Mr. and Mrs. Whiffen that their son Harry, presumed lost from the Rawalpindi, is a prisoner in Germany.

Underneath the message was her son's signature. The message read: "I am in good health and in a German prisoner of war camp, and at present feeling quite good. All my best wishes."

Mrs. Whiffen said "Although all hope had been abandoned, I often prayed that my son was among the survivors. Now my prayers have been answered."

SAMPAN MEN IN NAVAL BATTLE

Shanghai, Feb. 21.

On its very first day of operation a Japanese-managed ferry service had to suspend yesterday because of the open opposition of Whangpoo sampan men. It was reported by the Chinese press yesterday evening.

The clash came about yesterday morning when the ferry, one vessel, was placed in operation between Lukatu in Pootung and the fish wharf on the Quai de France in the vicinity of the Nantao Bund. The appearance of the ferryboat was the signal for the angry sampan men to throw a cordon of about 100 sampans about the French wharf to prevent their new competitor mooring. It was said that the hostile shouts of several hundred hardy sampan men made the ferry crew consider discretion the essential part of valour and go somewhere else.

Later in the day, however, the ferryboat emerged again from Pootung, towing two smaller craft, and attempted to make the fish wharf. The sampan men once more voiced their indignation and this time they were on hand in even larger numbers than before. They threatened to put on a minor naval battle right then and there, with the result that the Chinese crew of the new service threw in the towel and promised that, after landing their second cargo of passengers, they would quit. This was all right with the sampan fleet, the cordon was opened and the Japanese-managed ferryboat was permitted, for the nonce, to tie up at the wharf.

Lukatu, whence the short-lived ferry service started yesterday morning, has only just been opened to boat traffic by the Pootung authorities.

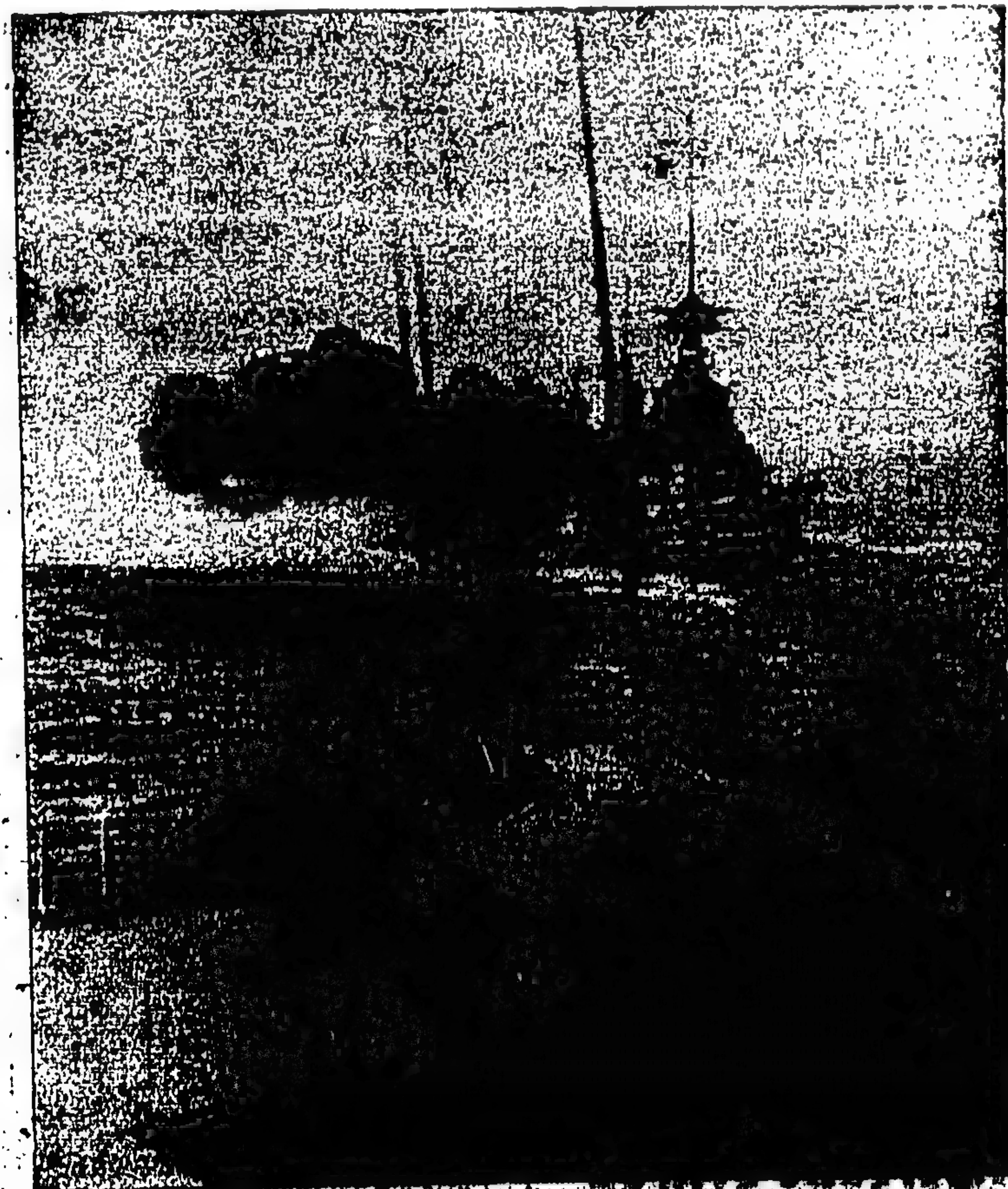
BADLY DAMAGED

It was reported later that the Japanese ferry boat which started its Pootung-French Bund run on Tuesday but which was later forced to quit the service, had been badly damaged by angry sampan men after its return to Pootung. Many glass windows of the boat were broken and its funnel was also badly damaged.

So far no suppressive action has been taken against the sampan men.

INDIAN REMANDED

Channan Singh, 27, was remanded by Mr. E. Himsforth this morning when charged with impersonating a police officer yesterday.



H.M.S. Barham firing a broadside during exercises. It was disclosed by Mr. Churchill yesterday that the battleship was damaged by a torpedo towards the end of last year, but is nearly ready for sea again.



Britain's Arctic spell in January was the worst in living memory. Rivers were completely frozen over and winter sports enthusiasts had the time of their lives. But snowdrifts, frozen pipes and bursts were among the things not so welcome. (Air Mail Copyright).

CLYDESIDE ENTHUSIASTS MOB KING

London, To-day.

The King and Queen were mobbed by two thousand workers when they yesterday visited a famous Greenock shipyard.

It was one of the greatest spontaneous demonstrations of loyalty the Clyde-side has ever seen.

The police had to force their way through a mass of people for the Royal Visitors to reach their car.

In a crowded eight hours, the King and Queen saw a comprehensive section of the immense war effort that Clyde-side is making.

They visited two shipyards, a great engineering company and the Royal Torpedo Factory. They also went out in an Admiral's barge to visit a battleship.—Reuter.

CONFLICT IN GERMANY

(SPECIAL TO "CHINA MAIL")

London, To-day.

The Amsterdam correspondent of the Labour "Daily Herald" reports dissension in Westphalia between German and Italian miners.

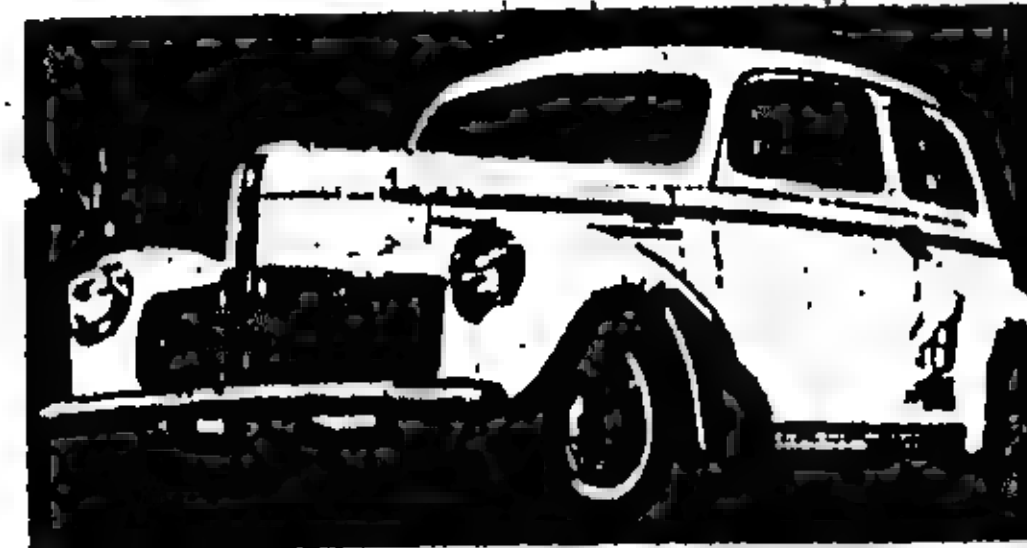
The German workers were jealous of the better living conditions of their Italian neighbours. There were arguments daily and eventually it became necessary to separate the two groups.

S. A. men guarding the entrance to the mines have been reinforced and it is reported that Italian police have also been sent to protect the Italian quarters.—Havas.

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EXPEDITION INTO GERMANY

(Continued from Page 5).

From the first moment Ribbentrop landed with three plane-fuls of experts, aides and secretaries he had the Russians tied up in awed wonder.

The Germans have not made the mistake of trying to foist engineers and technicians on the Russians. The suspicious xenophobe Stalin would have smelled a plot in that.

So instead they invited the Russians to send their experts to Germany so that they might learn Germany's industrial secrets in the German industrial plants themselves.

Udet gave me a glimpse of the method. "There are 200 Russian metallurgical engineers and chemists now at the Vereinigte Stahlwerke plants.

"They are learning the secret formulae of our metal alloys, particularly those of the light metals. They will go back to Russia and apply what they have learned from us. In two years I reckon they will be supplying us with light metals for our aeroplanes."

Udet chuckled. "You should have seen the astonishment of our industrialists when they got orders to show the Russians everything. 'What, really everything?' they asked. 'Even our most secret processes?' 'Yes,' was the answer from Berlin, 'even the most secret processes.'"

On my subsequent trip to Frankfurt, where I saw some banking friends of mine who are well in with the big industrial set, I gathered that even the receipt of the firm instructions from Berlin had not entirely removed the misgivings of all sections of industry about the Russian deal.

For instance, I was told that Dr. Ilgner, the director-in-chief of the I. G. Dyes Trust, had been sacked from his job because he was thought to be too enthusiastically obsequious to the Government.

But again let me warn you it would be wrong to count on any serious opposition from the bulk of industrialists to the Hitler policy.

Very largely that policy is a direct result of the wishes and ambitions of the heavy industries, who are determined to use force if necessary to establish their economic dominion on Europe and the world.

Like the Reichswehr high-ups the big industrialists are in on this Hitler-made war up to the hilt. What they dislike is not the policy of the Hitler Government, but its methods.

They dislike the Nazi Party bosses, the S.S. fanatics and the Gestapo corruption. But they realise their necessity and inevitability.

"You cannot have a buccaneer policy," one of my banker friends said sadly, "without buccaneers."

I tried to pump Udet on his chief's view of the Russo-Finnish war. But I could get nothing better out of him than that it had all been foreseen and that it would not affect the Russo-German deal.

Hitler supports the Finns

That may be so, but it has not convinced me. I must confess, however,

that I was unable to arrive at any clear picture of Germany's situation with regard to Finland.

One neutral diplomat to whom I spoke took the view that Hitler was delighted with the Russian military setback in Finland, which not only confirmed his opinions of the Russian military force, but made Russia more than ever dependent on him.

Hitler is so eager to preserve Russian weakness and prevent the Russians from starting any inconvenient manoeuvres in Rumania or elsewhere that, according to my diplomat friend, he is actively supporting the Finns with arms and munitions.

He is sending them to a German depot in southern Sweden. There they are carefully stamped with "Made in Sweden" marks before being sent to Finland.

Well, there you are. That is just one of the stories which you hear to-day around Berlin, where people are just as puzzled about the whole Finnish-Russian-German business as you and I are.

As for the conflict between the policies of action and inaction, my view is that the activists will have it.

Hitler himself has always said that Germany lost the last war through lack of enterprise, through not risking her fleet in an effort to annihilate the British Navy.

The logical thing for him, therefore, is not to be over-careful with Germany's air force in this new war, but to take upon himself the risk of offensive.

I have always been loth to believe the reports which make Hitler out to be a madman frothing at the mouth. I remember them so well in the time before he came to power, and the sad disillusionment of those who had paid too much attention to them.

But Berlin and Munich these days are full of rumours that the wizard of Berchtesgaden is cracking under the strain of making up his mind whether to strike or not to strike.

Carpet-biting, ink-throwing

In some circles he is nowadays simply referred to as "Der Teppichbeisser"—the carpet-biter—from his alleged habit of falling down in fits and chewing up the Persian rugs.

One rather more conservative story going about Berlin while I was there said that he had taken to throwing ink at his collaborators when he got in a temper with them.

One victim is said to have been General von Halder, chief of the general staff. The story goes that Hitler not only threw the ink, but the inkpot as well, at his refractory general and then sacked him.

Inkpot or no inkpot, you never hear of General von Halder these days. Newspapers seem to have been ordered not to mention his name.

Well Ernst Udet and I had a good long crack as you see about old times and new. Then he looked at his watch.

"Donnerwetter!" he said, "it's time I was moving to my other shop."

"What other shop?" I asked.

"The Air Ministry, of course, you idiot."

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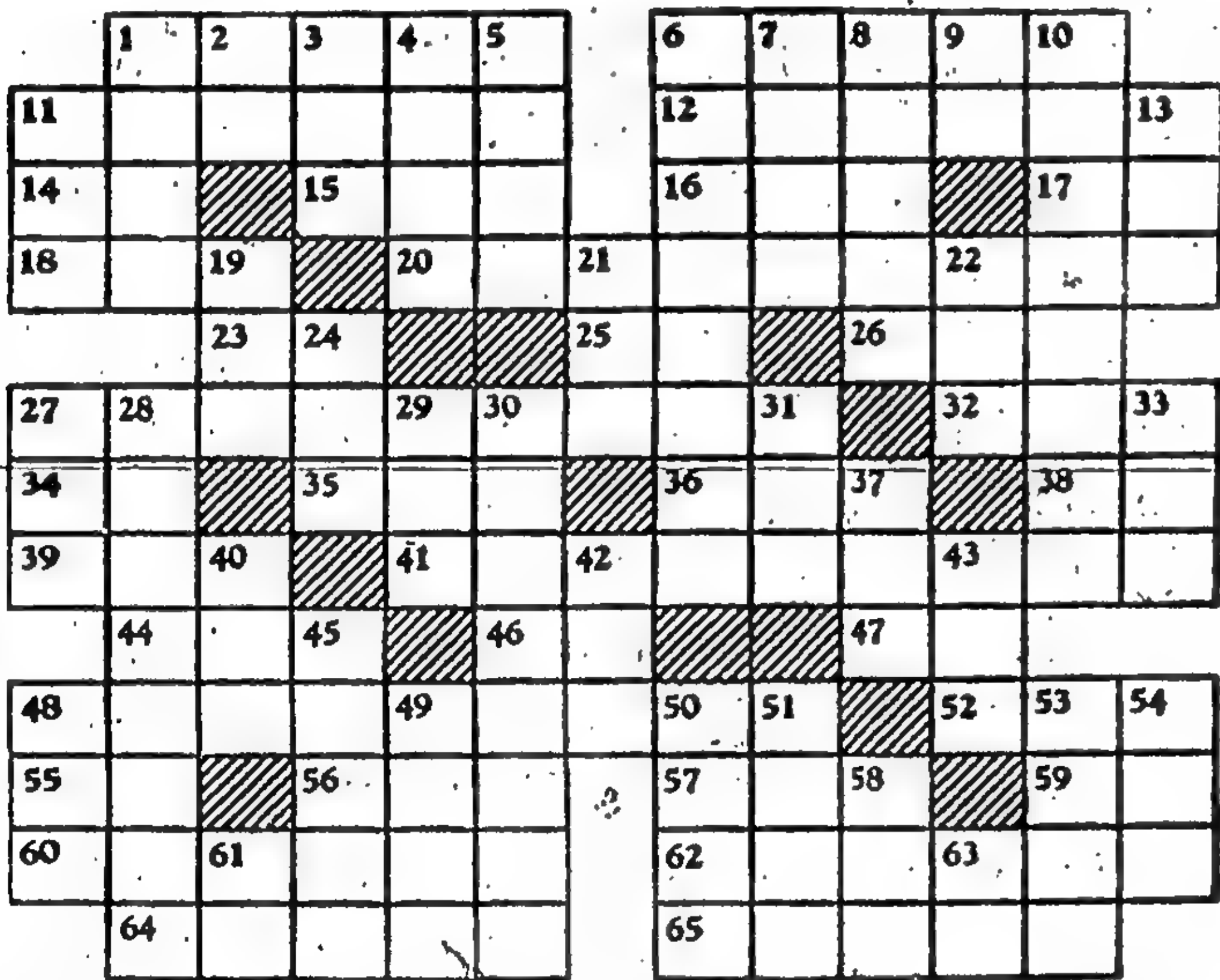
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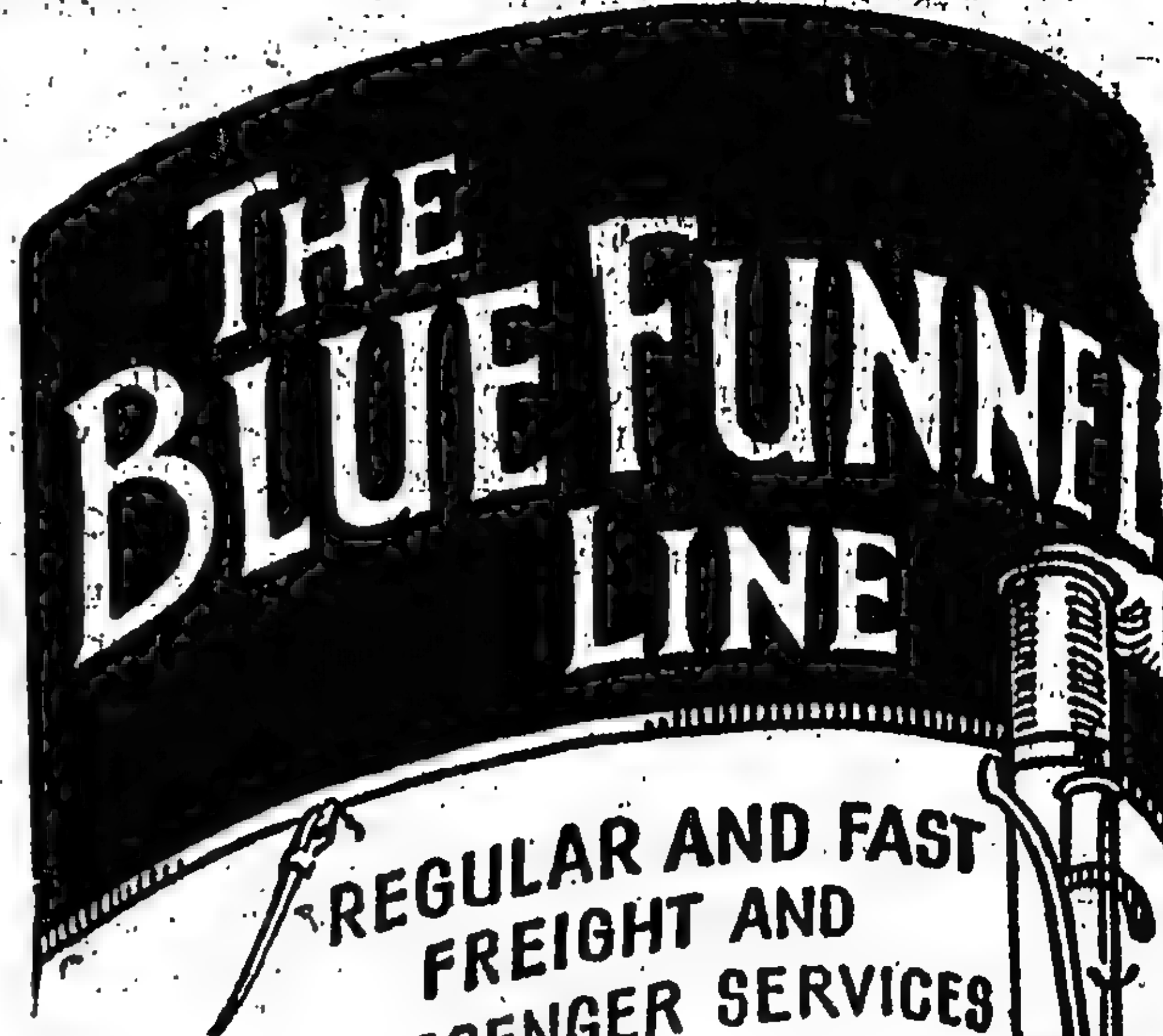
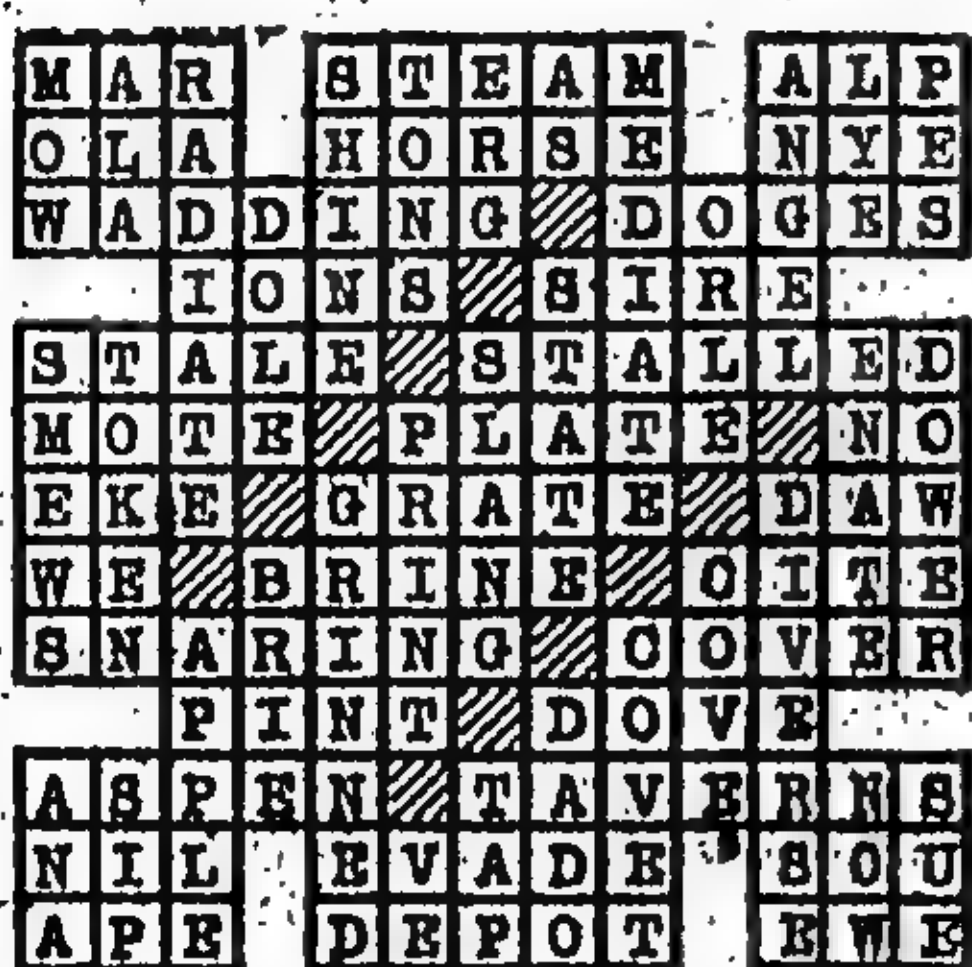
- HORIZONTAL**
- 1 Cone-bearing trees
 - 6 Agreements
 - 11 Fervid
 - 12 Continent
 - 14 French article
 - 15 Also
 - 16 Constellation
 - 17 Teutonic deity
 - 18 Lixivium
 - 20 Aromatic stimulant
 - 23 Conjunction
 - 25 Faroe Island whirlwind
 - 26 Seaman
 - 27 Ingeniousness
 - 32 Pen-point
 - 34 Symbol for tellurium
 - 35 Centre
 - 36 Palm leaf
 - 38 Negative
 - 39 Plural pronoun
 - 41 Young trees
 - 44 Inlet
 - 46 Pronoun
 - 47 Parent
 - 48 Conformists
 - 52 To pull

- 55 Preposition
- 56 To saturate
- 57 Goddess of mischief
- 59 Sun god
- 60 To surmise
- 62 Buddhist temple gateway (pl.)
- 64 Ancient stone tools
- 65 Urns

- VERTICAL**
- 1 Quarry
 - 2 European fish
 - 3 To yield
 - 4 Man's name
 - 5 Greek portico
 - 6 Vegetable
 - 7 Subtle emanation

- 8 Slyness
- 9 Toward
- 10 Piercing
- 11 Completely
- 13 Bitter vetch
- 19 Vast age
- 21 Descendant
- 22 Governed
- 24 Fabulous bird
- 27 Japanese statesman
- 28 Affecting the nerves
- 29 Race of lettuce
- 30 Hermits
- 31 Length measure
- 33 Cow genus
- 37 Object
- 40 Lip
- 42 Orb
- 43 Burmese demon
- 45 Month
- 48 Scoundrel
- 49 Loaned
- 50 To classify
- 51 To pack
- 53 Vases
- 54 Fuel
- 58 Before
- 61 Brother of Odin
- 63 Land measure

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THIRD WEEK OF MARCH.

FIRST WEEK OF MARCH.

FIRST WEEK OF MARCH.

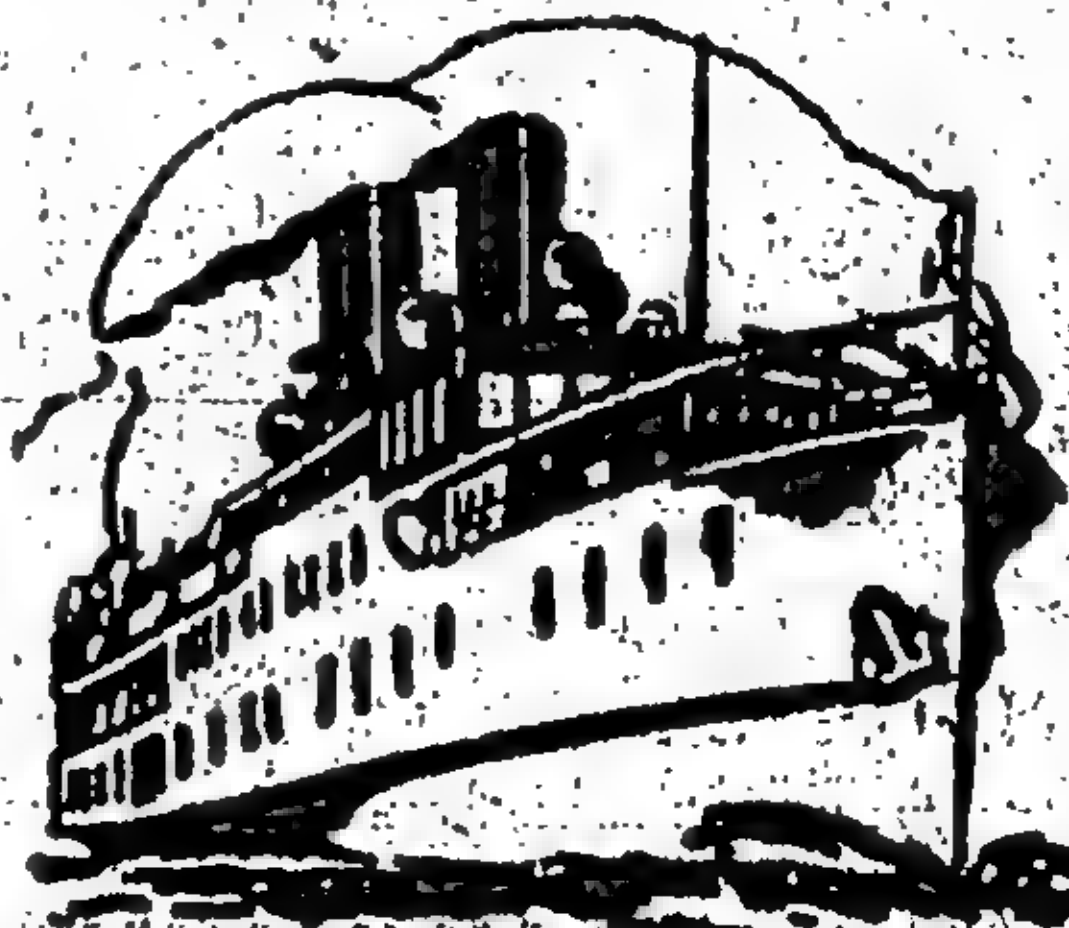
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GIRL LEADS TO ARREST OF GERMAN

LONDON, TO-DAY.
AN INDICATION OF THE WAY IN WHICH EVERYONE IN BRITAIN IS CO-OPERATING AGAINST PEOPLE BREAKING THE DEFENCE REGULATIONS WAS PROVIDED BY AN ITALIAN GIRL YESTERDAY.

The girl, 14 years old, is a resident of London normally but is now living in the country.

She saw a man taking a photograph of a wrecked plane by means of a camera under his coat. Suspicious, she told a policeman.

The man was arrested and sentenced to one month's imprisonment. He is said to have been with a German cavalry regiment at one time.

The girl is an Italian who came to England three years ago.—Reuter.

MARINE INSURANCE RATES CUT

LONDON, TO-DAY.
THE CONFIDENCE OF MARINE INSURANCE CIRCLES IN THE CONVOY SYSTEM IS ILLUSTRATED IN THE RATES QUOTED IN LONDON.

Up to Wednesday last week, only 21 of 10,076 ships convoyed were lost, improving on the previous figure of 1 in 500.

Underwriters in London now quote, for single voyages in European waters: Unescorted ships, 80 shillings per £100; Convoyed ships, 60 shillings per £100.

The comparative "kindness" of the Nazis to Italian and Japanese ships is also reflected in the fact that underwriters quote lower rates for the ships of these countries than they do for the others.—Reuter.

SCOTTISH PROTECTION

EDINBURGH, TO-DAY.
A LARGE PART OF SCOTLAND IS TO BE DECLARED A "PROTECTED AREA" UNDER THE DEFENCE REGULATIONS.

From March 11, the only civilians allowed to enter or stay in this area will be residents who are not enemy aliens.

The area is north and west of the Caledonian Canal and includes Caithness, Sutherland, Ross and Cromarty, and parts of Inverness and Argyll. It also includes the Hebrides.—Reuter.

JAPANESE SILK STOCKINGS NEEDED IN WARTIME?

London, To-day.
IN THE HOUSE OF COMMONS yesterday, Miss Ellen Wilkinson asked Sir Andrew Duncan (new President of the Board of Trade), regarding the arrangement recently made with the Japanese Government, providing for the import of 350,000 dozen pairs of silk stockings and a large quantity of other textiles from Japan.

Sir Andrew replied that there had been for some years an agreement between British and Japanese manufacturers for the import of Japanese hosiery to the United Kingdom.

This agreement was reviewed in January and import licence restrictions were relaxed to allow a limited import of cheap Japanese hosiery of a kind not made in the British Isles in quantities sufficient to meet the demand.

Miss Wilkinson asked whether, in view of our position as regards unemployment and food supplies, it was necessary to arrange for the importation of silk stockings in wartime.

Sir Andrew Duncan replied that there was likewise a need for British exports and it was made quite clear to the Japanese Government the continuance of this concession of British woollen hosiery to Japan.

Mr. Will Thorne (Lab.): The more trade we do with the Japanese the more they can hammer away at the Chinese.—Reuter.

L.C.C. TO CUT RATES

London, To-day.
The London County Council will probably lower the rates next year. The Council's finance committee has recommended a decrease of 3d. in the pound. The rate paid in London will then be 7 shillings 3d. with an additional special rate of 3½d.

The Council announces, however, that it will not be cutting down on social services, nor will it give up housing and other schemes in hand before war broke out.—Reuter.

"DORSETSHIRE" CANCELS A VISIT

Montevideo, To-day.
The British cruiser, Dorsetshire, which was expected here this morning for supplies and fuel, is not arriving after all. The festivities arranged for the officers and men for to-night have been cancelled.—Reuter.

GERMANY'S STRAIN ON RAILWAYS

(SPECIAL TO "CHINA MAIL")

Bucharest, To-day.

Further evidence of Germany's shortage of rolling stock is discerned here by Berlin's decision yesterday not to allow further transit of Rumanian goods to Scandinavia on the German railway net-work.

The German railways administration, it is revealed, in that connection, have asked Rumania to refrain from sending further goods to Scandinavia and the Baltic states through Flensburg, Bordeburg, Inner and Warriemunde lines.

Goods already on their way will be stopped and sent back to the sender.—Havas.

NAZIS SEIZE NEUTRAL SHIP

(SPECIAL TO "CHINA MAIL")

Oslo, To-day.

The Swedish ship Buenos Aires has been captured in international waters by a German warship and taken to a German port.

She was en route to South America and is now being detained in Bremerhaven.—Havas.

*** A motor-vessel of 5,164 tons, the Buenos Aires, which was built in 1920, is owned by Rederiagtieb Nordstjernan (A. A. Johnson, manager).

INDO-CHINA STEAM NAVIGATION COMPANY, LTD.

OPERATING SERVICES FOR CARGO and PASSENGERS

TO—SWATOW, SHANGHAI, TSINGTAO, CHEFOO and TIENTSIN
KOBE and OSAKA
SINGAPORE, PENANG and CALCUTTA
SANDAKAN, HAIPHONG

All steamers berth alongside the Roosevelt Terminal in the French Concession at Shanghai, where passengers and cargo are landed.

For Further Particulars Please Apply To
JARDINE, MATHESON & CO., LTD.

GENERAL MANAGERS.
TELEPHONE — 30311.



HONGKONG & WHAMPOA DOCK CO., LTD.

Notice is hereby given that the Ordinary Yearly Meeting of Shareholders will be held in the Office of the Company, No. 2 Queen's Building, Hong Kong, on TUESDAY, 28th March, 1940, at noon for the consideration of the Directors' Report and Balance Sheet for the year ending 31st December, 1939.

The Share Register and Transfer Books will close from the 15th to 26th March, 1940, both days inclusive.

By Order of the Board of Directors,
E. COCK.

Chief Manager.

Hong Kong, 27th February, 1940.

NOTICE

Owing to the drastic increase in the cost of raw materials and freight, the undersigned are reluctantly compelled to increase the price of Beer by \$2.50 per case of 48 quarts or 72 pints, effective 28th February, 1940.

EWO BEER:—Jardine, Matheson and Co., Ltd.,
Managers:
Ewo Brewery Co., Shanghai.

H.B. BEER:—H. Ruttonjee and Sons,
Managers:
Hong Kong Brewery and Distillery Ltd., Hong Kong.

U.B. BEER:—W. R. Loxley and Co., (China) Ltd.,
Sole Agents:
Union Brewery Ltd., Shanghai.

Hong Kong, 28th February, 1940.

NOTICE

As from to-day beer bottles bearing the Trademarks of the undersigned, will be redeemed at:—

Quarts 4 cents each
Pints 3 cents each

EWO:—Jardine, Matheson and Co., Ltd.,
Managers:
Ewo Brewery Co., Shanghai.

U.B.:—W. R. Loxley and Co., (China) Ltd.,
Sole Agents:
Union Brewery Ltd., Shanghai.

Hong Kong, 28th February, 1940.

PUBLIC AUCTION

The Undersigned have received instructions to sell by Public Auction on

FRIDAY, the 1st MARCH, 1940 commencing at 2.30 p.m. at their Sales Room, No. 35 Hankow Road, Kowloon.

A Quantity of Valuable Household Furniture

comprising:—
Hatstands, Chesterfield Couches & Armchairs, Tables, Bookcases, Card Tables, Cabinets, Oil Paintings, Pictures, Brass & Bronze Ornaments, Curses, Silk & Heavy Curtains, Carpets, Rugs, Cushions, etc. etc.
Teak Extension Dining Tables, Dining Chairs, Sideboards, Teapots, Silver & E. P. Ware, Cutlery, Table Glasses, Gramophones & Records, Electric Chandeliers, Heaters and Cookers, etc., etc.

Iron & Teakwood Bedsteads, Wardrobes, Dressing Tables, Chests of Drawers, Spring Mattresses, etc., etc. also

A Few Pieces of Blackwood Furniture and

One New Upright Piano by "Moutrie"
One Upright Piano by "Wernam"
One Sewing Machine "Singer"
One Spanish Guitar in Case
One 1935 "Ford" V8 Tourer

On View from Thursday, the 29th February, 1940.

Terms: Cash on Delivery.
LAMBERT BROS.

Auctioneers.
Hong Kong, 28th February, 1940.

NEW STEPS FOR SAFETY AT SEA

London, To-day.

Life-saving jackets which the crew could wear at work and the provision of rafts for all on board were among the recommendations made by the British Chamber of Shipping to its members as safety measures to meet the danger of ships being torpedoed or mined.

This is revealed in the annual report of the Chamber.

Other recommendations included the provision of illumination on rafts and on an increased number of life-buoys; alternative lighting on the ship; and electric torches for the crew.

The report dealt with increased running costs for shipping, pointing out that a deep-sea tramp steamer of about 9,000 tons which in April, 1939, cost £35 a day to run, cost £48 a day in September, 1939 and £51 a day in January.

A vessel which would have cost £100,000 to build in 1938 cost £120,000 immediately before the war and would cost £160,000 to-day.

SHIPBUILDING ACTIVITY

The report points out that there is not a single shipbuilding yard idle in this country. Foreign competition, so far from diminishing, was being greatly strengthened.

The first step towards maintaining British shipping, says the report, must be the strengthening of the industry's financial position during the war, in order that it might replace on a basis of cost which would enable it to compete with foreign shipping after the war.—Reuter.

GODOWN DIVIDEND

The Hong Kong and Kowloon Wharf and Godown Co., Ltd., report that, subject to audit, the amount at credit of Profit and Loss Account for the year ended 31st December is: \$1,203,785.73. The amount brought forward from the year 1938 being \$262,077.12.

At the forthcoming Annual Meeting of Shareholders, the Directors will recommend an appropriation as follows:—To pay a Dividend of \$7.00 per share \$630.00; To Transfer to General Reserve A/c \$400,000; To Transfer to Repairs and Renewals A/c \$11,674.29; To carry forward \$424,188.56.

LOCAL DOLLAR

The demand rate on the Hong Kong dollar to-day was 1/2 13/16.

Silver was quoted at 20-3/8 spot and 20-3/8 forward.

The cross rate London/New York was £—U.S.\$402.50 and New York/London £—U.S.\$395-3/8.



Dieting Dot says no matter how large a reducing scale she goes on her efforts show up on a small scale.

NO SHIPMENTS OF SPANISH COPPER TO GERMANY

London, To-day.

IN THE HOUSE OF COMMONS, Mr. Ronald Cross, Minister of Economic Warfare, replying to a question, said that according to his information no copper ore shipped from Spain since the outbreak of the war had reached Germany. Goods could be shipped from Spain without passing through the area of British and French contraband control.

Mr. Cross was questioned regarding American exports to Europe and asked whether he was aware that in the last four months, American exports to 13 European countries rose in value from 35 million sterling to 52 while in the same time American values to England and France only increased from 60 million to 67 million.

Mr. Cross declared that he had not checked these figures but even if they were accurate it did not follow that any action on the part of the Government was required. He had no reason to suspect that there was any serious leakage as far as the European countries were concerned, and he had no reason to object if neutrals should obtain their requirements from the United States rather than from Germany.

THROUGH CONTROL

Mr. Cross added that with the exception of exports to Russia, via Vladivostok, all the exports in question passed through the Control and were most carefully watched.

Sir John Simon assured the questioner that currency depreciation would not be resorted to as a means of stimulating the export trade by giving an unreasonable competitive exchange advantage.—Reuter.

BRITISH AGREEMENT WITH CHILE

New York, To-day.

The Dow-Jones Agency states that the Chilean Consulate-General in New York has announced that the Chilean Exchange Control Commission and representatives of the British Government have signed an agreement whereby Britain is to buy wool to the value of £800,000 sterling in Chile.

The exchange balance thus created will be "liquidated" by the purchase of British merchandise.—Reuter.

CHESS

ZIMMERN BEATS WEISS

Following are the latest results in the Colony Chess championship K. M. A. Barnett beat B. S. Litvin E. Zimmern beat K. Weiss:

	P.	W.	D.	L.	Pts.
E. Zimmern	4	4	0	0	4
K. Weiss	6	4	0	2	4
K. M. A. Barnett	4	3	0	1	3
B. S. Litvin	5	3	0	2	3
Sir H. Pollock	5	2	1	2	2 1/2
D. E. de Carvalho	5	2	0	1	2
L. Blair	3	1	0	2	1
A. Birlukoff	5	1	0	4	1
A. Kurrik	3	0	1	2	1 1/2
V. V. Kalatchoff	4	0	0	4	0

CIVILIAN CASUALTIES IN AIR RAIDS

Helsinki, To-day.

Figures covering Soviet air raids for the first two weeks of February show that 96 civilians were killed and 134 injured.—Reuter.

DEATH OF MR. J.D. HUMPHREYS

The death of Mr. J. D. Humphreys, of Messrs. J. D. Humphreys and Son, occurred at the War Memorial Hospital at 5 a.m. to-day at the age of 46 years.

The late Mr. Humphreys was admitted to hospital on Sunday evening and taking a turn for the worse last night passed away peacefully at dawn to-day.

One of the best-known residents of the Colony, he was born here, proceeded Home for schooling and returned to the East in 1911 to join Messrs. Holiday, Wise, of Manila.

In 1915 he returned to Europe and served in the Great War in an artillery unit, returning to Hong Kong in 1919 and joining his father's firm, J. D. Humphreys and Son.

Deceased was a popular sportsman and in 1926 represented Hong Kong in the Interport Cricket series. He was also a good tennis player and a member of the Hong Kong Cricket Club Committee.

The funeral will take place this afternoon, the cortege passing the Monument at 5 p.m.

Deceased leaves his father, now in Victoria, B.C., and two sisters to mourn his death. One of his sisters is the wife of Mr. D. E. Clark, of J. D. Humphreys and Son.

PORTUGAL'S NEUTRALITY

(SPECIAL TO "CHINA MAIL")

Lisbon, To-day.

In a speech on the occasion of the meeting of the National Union, President Salazar confirmed Portugal's neutrality.

He emphasized the need for domestic propaganda to combat suspicion and distrust. Portugal was giving the strongest support to its policy of neutrality.

At the same time, he insisted on the maximum efforts being made in the field of production, because only the small nations make war at their own expense. The Great Powers were not self-sufficing, and to that extent, although remaining at peace, the small nations took part in the war.—Havas.

SOVIET'S WAR IMPORTS

LONDON, TO-DAY.

SOVIET IMPORTS OF WAR MATERIAL WERE THE SUBJECT OF A QUESTION IN COMMONS BY REAR-ADMIRAL BEAMISH, CONS., IN REPLY TO WHICH MR. ROLAND CROSS STATED THAT RUSSIAN IMPORTS OF WAR MATERIAL, EXCEPT FROM GERMANY, APPEARED TO HAVE BEEN CONSIDERABLY REDUCED IN RECENT MONTHS.

Imports of certain raw materials—including rubber, copper and molybdenum—during the period September to January were, however, larger than during the same period in 1937/1938.

These imports entered the Soviet Union at Vladivostok and came from the United States either directly or through Mexico, from the Philippines and from the Netherlands Indies.

The ships employed appeared to be mainly Soviet, Dutch, Japanese and Norwegian.

These ships do not pass through British contraband controls.—Reuter.

SERGEANT PILOT'S FEAT

PARIS, TO-DAY.

A BRITISH SERGEANT-PILOT AND HIS OBSERVER HAVE BEEN CONGRATULATED AT B.E.F. HEADQUARTERS FOR WHAT IS CALLED AN "EXCEPTIONALLY BRILLIANT RECONNAISSANCE."

The R.A.F. machine flew through a cloudless sky over Germany for over 2 1/2 hours. They sighted no German planes in the air and encountered no anti-aircraft fire.

For 20 minutes, they cruised above a camouflaged aerodrome behind the Siegfried Line, taking photographs of the Messerschmidt fighters on the ground; not a single German fighter took off.

The plane then flew over a big railway depot which, to use the sergeant-pilot's own words, they knew was "stiff with anti-aircraft guns."

Not a single gun was fired at them, although they flew around the depot for almost an hour.

They came back to their base when they had used up all their film.—Reuter.

GERMANS NOW BEING RETURNED

It is officially announced that it is expected that on February 20th, nine German nationals who were recently taken from "Asama Maru" by a British warship will be returned to the Japanese Authorities.

"They are being taken from Hong Kong in a British vessel and handed over off Yokohama to representatives of the Japanese Government."

HAS
BABY
LOST
HIS

APPETITE



When baby loses his appetite it is usually the first symptom that all is not well with him.

Generally the trouble is due to some slight derangement in the digestive tract which can quickly be put right by careful attention to diet and the administration of Baby's Own Tablets to regulate the bowels.

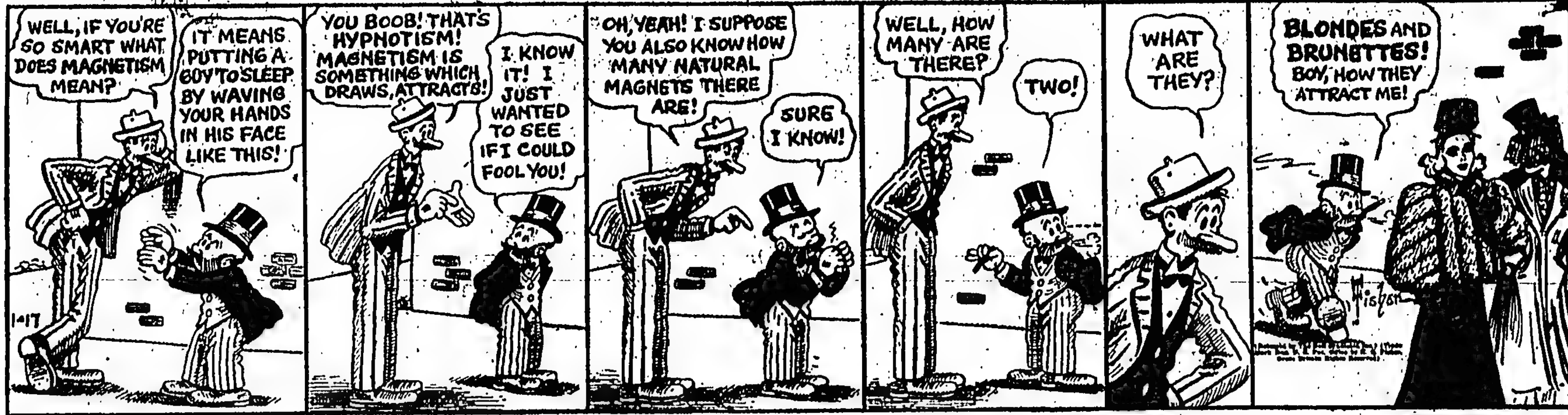
If your child has a poor appetite, is constipated, irritable, thin and weak, troubled with teething or if you suspect the presence of worms, give him Baby's Own Tablets and almost surely he will quickly be made well and happy again. At chemists everywhere you can obtain

Baby's Own Tablets

Correct Digestive Disorders

MUTT AND JEFF

By BUD FISHER



Recital by
Harry Ore
From the Studio

To-day's Wireless

B.B.C. Relay:
"The Turning of
The Worm"

12.15 p.m.—Short Service of Intercession.
12.30 p.m.—Peter Dawson (Bass-Baritone) and the London Palladium Orchestra. Childhood Memories (arr. Somers)...London Palladium Orchestra cond. by Richard Crean.
A Chip of the Old Block (Squire); So I Left (Butcher)...Peter Dawson (Bass-Baritone) with Piano accomp. by Gerald Moore.
Kiss Me Again (Victor Herbert); Echoes From the Puszta (Ferraris)...London Palladium Orchestra cond. by Richard Crean.

ZBW 355 M. (845 k.c.'s) and 31.49 M.
9.52 Megacycles

The Menin Gate (Bowen)...Peter Dawson (Bass-Baritone) with Organ accomp. by Herbert Dawson.
The Liberator—March (Ancliffe); The Spirit of Youth—March (Gilbert)...London Palladium Orchestra cond. by Jack Frere.
1.00 p.m.—Local Time Signal and Weather Report.
1.03 p.m.—Dance Music by Roy Fox and His Orchestra.
Fox-Trots—But Where Are You (film 'Follow the Fleet'); Let's Face the Music and Dance (film 'Follow the Fleet'); Sing Something in the Morning (C. B. Cochran's Revue 'Home & Beauty').
Waltz—No More (C. B. Cochran's Revue 'Home & Beauty').
Fox-Trots—Bird on the Wing; Riding Down the Sunset Trail.
Waltz—A Beautiful Lady in Blue.
Fox-Trots—Moon for Sale; These Foolish Things ('Spread it abroad').
1.30 p.m.—Reuter and Rugby Press, Weather Forecast and Announcements.
1.45 p.m.—Variety with Clapham and Dwyer, The Duncan Sisters, "Hutch", and Others.
Vocal & Piano—Life Is Nothing Without Music (Hartley); Don't Worry 'Bout Me (from 'Cotton Club Parade')... "Hutch" (Leslie Hutchinson).
Humorous Monologue—Tennis...Clapham & Dwyer.
Vocal—You Forget Your Gloves (Lehak); Alone With My Dreams (film 'A Man of Mayfair')...Jack Buchanan with Orch.
Vocal—Sweet Onion Time In Bermuda (Duncan Sisters—Coslow)...The Duncan Sisters accomp. by two pianos.
Vocal & Piano—I Get Along Without You Very Well (Carmichael)... "Hutch" (Leslie Hutchinson).
Vocal—The Man on the Flying Trapeze (Lyrics by O'Keefe)...Walter O'Keefe with Orchestra.
2.15 p.m.—CLOSE DOWN.

6.00 p.m.—Compositions of Bach. Prelude and Fugue, No. 17, in A Flat Major (from 'The Well-Tempered Clavier'—Book 1)...Evelyn Howard-Jones (Piano).
Brandenburg Concerto—No. 6 in B Flat Major...Sir Henry Wood and His Symphony Orchestra.
The Heart I Ask From Thee, Love; My Spirit Was In Heaviness (from the Cantata 'Sighing, Weeping Trouble, Want')...Lotte Leonard (Soprano) with Harpsichord, Organ and Violin.
Sonata No. 3 in E...Isolde Menges & Harold Samuel (Violin & Piano).
6.45 p.m.—Closing Local Stock Quotations.
6.47 p.m.—Vocal Selections by The Kentucky Minstrels. Carry Me Back To Green Pastures (Pepper); Homing (Del Riego)...Soloists: George James and John Duncan. With Piano and Herbert Dawson at the Organ.
White Wings (arr. Kentucky Minstrels)...with Organ accomp. by Herbert Dawson.
7.00 p.m.—London Relay—"The Last Fight of the Revenge". A Feature Programme.
7.30 p.m.—London Relay—The News.

8.00 p.m.—Local Time Signal, Weather Report and Announcements.
8.03 p.m.—A Short Sibelius Programme. Karelia Suite, Op. 11...London Philharmonic Orchestra cond. by Walter Goehr.
Flickan Kom Ifran Sin Aisklings Mote...Marian Anderson (Contralto) with Piano accomp. Sung in Swedish.
8.15 p.m.—Studio—A Latvian Programme by Harry Ore at the Piano.
8.45 p.m.—Studio—"Some Great Authors"—3: Burke. The third of a series of talks by Father Ryan, S.J.
9.05 p.m.—Violin Solos by Fritz Kreisler. Indian Lament (Dvorak-Kreisler); Slavonic Dance No. 3 In G Major (Dvorak-Kreisler)...with Piano accomp. by Carl Lawson.
9.15 p.m.—London Relay—News Summary.
9.30 p.m.—Kitty Masters, Harold Ramsay and Stan Holloway in Variety. Cinema Organ—Popular Melodies No. 3. Intro: Pennies from Heaven; In the Chapel in the Moonlight; Another perfect night is ending; I'll sing you a thousand love songs; There's a small hotel; Did your Mother come from Ireland?...Harold Ramsay with Vocal Refrain.
Vocal—Where Yorkshire and Lancashire Meet (Damerell & Others)...Kitty Masters with Two Pianos. Assisted by Bert Masters.
Humorous Monologue—Old Sam—Beat the Retreat on Thy Drum; One Each a Piece All Round...Stanley Holloway with Piano accomp.
Vocal—She's The Wealthiest Woman On Earth (Godfrey); Stardust Covered Bundle (Hodges)...Kitty Masters with Orch.
Cinema Organ—Popular Melodies. Intro: Alone at a table for two; Alone; I'm all alone; You started me dreaming; The touch of your lips; Lost...Harold Ramsay.
10.00 p.m.—Half an hour of Dance Music.
Fox-Trots—When The Poppies Bloom Again; Everybody Dance (film same)...Jack Payne & His Band.
Waltz—Touch of Your Hand (film 'Robert'); Fox-Trot—Let's Begin (film 'Robert')...Paul Whiteman & His Orch.
Fox-Trots—Dixieland Shuffle; Muskrat Ramble...Bob Crosby & His Orchestra.
Tangos—Madreclita De Pompeya; Mi Musa Campera...Orquesta Tipica Francisco Canaro.
Fox-Trots—Lyin' To Myself; Ev'ntide...Louis Armstrong & His Orchestra.
Fox-Trots—Saddle Your Blues to a Wild Mustang; You Started Me Dreaming...The B.B.C. Dance Orchestra.
10.30 p.m.—London Relay—"The Turning of the Worm" or "In The Rough Again".
11.00 p.m.—CLOSE DOWN.



(By The Four Aces)

David Bruce Burnstone, Merwin D. Maier, Oswald Jacoby, Howard Schenken... World's leading Team-of-Four, inventors of the system that has beaten every other system in existence.

WHEN TO EXIT

Notrump hands often develop into a sort of personal duel between the Declarer and the defending player who happens to hold all the strength that his side possesses. When a hand such as to-day's occurs, Declarer should attempt to throw his strong opponent in and force him to lead from his tenaces, whereas the defender should attempt to "exit," thus making Declarer do his own leading.

South, Dealer
Neither side vulnerable

♠ 9 7 6 3
♥ K J 5
♦ 8 2
♣ K 10 7 4
♠ A K J
♥ 10 6
♦ A Q 7 4
♣ Q 5 3 2
♠ Q 10 6 2
♥ A Q 4
♦ K J 3
♣ A J 6

The bidding:

South	West	North	East
1NT	Dbl.	Pass	2♥
Pass	Pass	2NT	Pass
3NT	Pass	Pass	Pass

West opened a heart. Declarer won in dummy, then played a spade. Winning with the Jack, West led his remaining heart. Dummy again won and a second spade was played. At this point East should have cashed his third spade and exited with a club. He would then have been bound to win two diamond tricks. But the fact remains that West held on to his spade Ace and led a club. Here was Declarer's opportunity. All he had to do was run off four

club tricks and then play a spade, in which event West would have to lead a diamond and present him with the ninth trick. But, sad to relate, South, refusing to take advantage of his opponent's kindness, played a third spade. Now West finally did get out of the lead by playing another club. At the finish Declarer had to lead diamonds himself and West's Ace-Queen set the contract. Bad defence by West, but even worse dummy play by the Declarer.

Yesterday you were David Bruce Burnstone's partner and held:

♠ x x
♥ A K x
♦ A K x x
♣ A K x x

The bidding:

Burnstone	Maier	You	Jacoby
Pass	Pass	(?)	

Answer: Your correct bid is one diamond. An opening two-bid, forcing to game, would be optimistic; two notrump with your worthless doubleton spade is unsound. Score 100 per cent. for one diamond, 90 per cent. for one club, 30 per cent. for two notrump or a suit two-bid.

QUESTION NO. 345

Oswald Jacoby is your partner and you hold:

♠ Q x x x x
♥ x x
♦ K x x
♣ 10 x x

The bidding:

Schenken	Jacoby	Maier	You
Pass	1♥	Pass	(?)

What do you bid? (Answer tomorrow.)

(Released by The Bell Syndicate, Inc.)



THE
HONG KONG

PENINSULA HOTEL;

HONG KONG HOTEL; REPULSE BAY HOTEL;

&
SHANGHAI

ASTOR HOUSE; PALACE HOTEL

HOTELS,
LIMITED

In association with the Grand Hotel des Wapans Litt, Peiping

ARMY CRICKET

RATCLIFFE,
BAILEY IN
BIG STAND

At Sookunpoo, The Royal Engineers beat the Royal Army Ordnance Corps by 87 runs in a friendly cricket match yesterday afternoon.

Feature of the match was a big partnership, for the Sappers' third wicket, between Spr. Ratcliffe and Spr. Bailey which realised 121 runs. Ratcliffe hit 16 fours, while Bailey hit nine.

Sgt. Denyer, with 5 for 41, was the most successful bowler of the match.

ROYAL ENGINEERS

Sgt. Megson, b Emberson	9
Spr. Ratcliffe, b Emberson	86
Capt. Wilkinson, b Emberson	5
Spr. Bailey, not out	67
Sgt. Denyer, not out	29
Extras (B16)	16

Total (for 3 wks, dec.) 212

Sgt. Goodwin, Sgt. Shipp, Spr. Cork, Spr. Heath, Capt. Parsons and Spr. Goss did not bat.

Bowling Analysis

	O.	M.	R.	W.
Boocock	11	1	70	0
Emberson	13	1	54	3
Pender	2	0	35	0
Munton	2	0	13	0
Roberts	2	0	24	0

R.A.O.C.

Capt. Bridge, b Parsons	33
S/Cdr. Gardner, b Ratcliffe	15
Cpl. Boocock, b Shipp	5
Sgt. Munton, c Shipp, b Denyer	32
S/Sgt. Emberson, b Parsons	0
Pte. Reynolds, b Denyer	1
Cpl. Jeffery, lbw., b Denyer	12
Pte. Stoner, c Heath, b Denyer	0
Pte. Roberts, not out	12
Pte. Pender, st. Wilkinson, b Parsons	1
Lieut. Ebbage, b Denyer	1
Extras (B12, LB1)	13

Total 125

Bowling Analysis

	O.	M.	R.	W.
Ratcliffe	6	2	9	1
Megson	2	0	16	0
Shipp	3	0	22	1
Cork	2	0	14	0
Denyer	6	0	41	5
Parsons	4	0	10	3

COLONY
TENNIS
DRAW

Following is the draw for the Colony singles and doubles tennis championships which start shortly:—

OPEN SINGLES

Byes into second round.—S. A. Rumjahn v B. C. Fay; P. S. Leong v S. A. Gray; Kwok Hing-chung v O. Rumjahn; Lam Kwan v J. W. Leonard; H. D. Rumjahn v Firdos Khan.

First round.—Marsland Ma v E. Zulaut; H. Y. Ho v A. R. Kitchell; Paul Kong v Lt. J. S. Theobald; W. C. Hung v T. C. Chan; S. A. Hussain v Chan Kwong-lui; Ben Louie v O. Umetani; Tsui Yan-pul v T. J. Gould; J. L. C. Pearce v Peter U; T. A. Pearce v Wong Hok-nang; R. G. Biesel Jr. v J. R. Turner; Y. C. Lau v Wei Chung.

Byes into second round.—M. Pagh; Tennis Kwok v I. M. A. Razaek; A. Crawford v Ip Koon-hung; Pang Oi-lam v Lee Hua-kek; Leung Ping-chiu v J. Gonzales; I. Agafuroff v Tsui Wai-pul.

OPEN DOUBLES

Byes into second round.—Tsui Wai-pul and Tsui Yan-pul v S. A. Hussain and O. Rumjahn; Dew Shing-cheong and Ip Koon-hung v A. R. Kitchell and I. M. A. Razaek.

First round.—T. and B. Agafuroff v Wong Fook-nam and Lam Kwan; Wong Hok-nang and Lee Chi-man v T. C. Monaghan and T. J. Gould; J. Gonzales and A. V. Remedios v Ng Kam-chuen and Tsui Ping-fan; Paul Kong and B. Szeto v Ho Ka-lau and Lee Yue-wing; E. C. Fincher and W. C. Hung v A. Chan and J. Hsu; Kwok Hing-chung and Lul Kwai-fan v C. H. R. Hyde and J. J. Ferguson; T. A. Pearce and B. C. Fay v T. C. Chan and Marsland Ma; F. H. Kwok and S. W. Liang v Lt. J. S. Theobald and B. Garrard.

Byes into second round.—Pang Oi-lam and Leung Ping-chiu v J. L. C. Pearce and D. I. Bosanquet; Lee Hua-kek and J. Leonard v S. A. and H. D. Rumjahn.

ARMY
SPORTLIGHT

By "SQUADDY"

30TH. Hvy. Bty. played very well indeed to beat Kowloon in the Football League on Saturday by 5 goals to 1 and enter the semi-final of the Junior Shield. It was unfortunate that Guy their brilliant centre-half was injured during the first half as this kept him out of the Army game on Sunday. The semi-finals of the Shield are as follows:—

30th Bty. v Police	
South China v Engineers	

On present form the finalists should be 30th Bty. and Engineers and this would be a tip-top game. The Engineers are playing well this year and have annexed the leading position in Second Division "B" of H.K.F.A. League. Final positions at the top were:—

Engineers	22 pts.
Royal Scots	21 pts.
Kwong Wah	20 pts.

A very close finish denoting the balance of the teams concerned. Well done Sappers; bad luck the "Jocks".

MY remarks concerning the game between the R.A.S.C. and 24th Bty. last week were a bit previous, as, owing to the re-arranged League fixtures in Third Division, this game was put back until Saturday.

However it will still be a good game definitely affecting the result of the championship. To those whom it may affect—don't take the Kumaons too casually. They are playing fine football at present and upset South China on Saturday. No mean feat!

R.A.O.C. have tried out their newcomers and up to the present, have one outstanding player in Reynolds, their goalkeeper. He must get out of the tendency to "palm off" more than necessary, however. Clutching the ball accomplishes more in the end. Apart from this he should be in the running for representative matches later on.

The other newcomers don't quite seem to have got used to the grounds yet and are probably not absolutely fit. Time will tell.

THERE have been a lot of hard things said about some of the Army players in Sunday's match against South China, but the whole trouble seems to lay in the fact that the Army team only see each other as a team on the day of the match. They cannot possibly be expected to work up an understanding on the day of the match and the defect is particularly noticeable when watching the Chinese distribute the ball. They pass to a "position" and the player gets there through having perfect understanding. The Army team cannot be expected to cope with this and have to rely more or less on individual performances.

Reports on the game have been very conflicting but without wishing to make it further confusing a few further remarks may not be out of place.

Duncan failed to maintain his form of the first half but before condemning him in any way it must be remembered that a goalkeeper cannot have an inspired day if the opponents keep whipping one in without giving him a chance. He was certainly not up to form, however.

Naysmith and Sheehan played hard but that understanding before mentioned is hard to counteract and Sheehan seemed more capable of it than his partner, although the opposing right seemed to have a bit more scope than was good for us. This seemed to be the result of both left-back and left-half concentrating on the inside forward.

Bright played a hard game but the well-known Lee Wai-tong is a difficult man to control. It may appear he is being held simply because he doesn't always move very far but he gets the ball away to his team mates nevertheless. Bright played as well as can be expected under the circumstances.

The halves unfortunately could not always get the forwards moving successfully but when they did that little extra bit of cohesion was lacking. Saw and Thomas unfortunately did not get going at all which is a surprising denouncement against such a fine player as Saw.

Bundy kept his partner going in the first half with some fine passes but the Chinese smelt danger and bottled this player up almost completely in the latter stages. Hossack was the success of the forward line and used his football ability to advantage where he had plenty of moving space. These two should make a good combination with further games together.

If both flanks don't work cohesively the centre-forward does not get much chance and Fox played as well as can be expected. He was certainly worth the goal he scored.

THOSE who have the stamina to read this every week will remember my complaints about lack of support. There was a great improvement on Sunday, however, and it is unfortunate that the supporters were not rewarded by a win, for their keenness in turning up. Bring your friends next time and see if we can yell down that tremendous opposition.

THE Senior and Junior cricket XI's both registered wins last week-end. The former defeated University through the magnificent bowling of L/Cpl. Young who took 6 for 10. Webb once again captured the batting honours with an 88 not out.

The 2nd XI beat R.A.F. comfortably, the bowling of Hatfield and Blount being too much for the airmen. The former took 8 for 19 and Blount justified his return to Army cricket with 8 for 19.

SAPPERS HOLD
NAVY AT RUGBY

(By "SCRUM-HALF")

Royal Engineers, winners of the Army Rugby League, did very well indeed to hold a strong Navy team to a 3-3 draw in yesterday's Rugby match at Causeway Bay.

A strong wind was responsible for a certain amount of poor handling, but the passing on the whole was woefully weak. Play never reached a high standard, Sappers' crude methods of attack nonplussing their more orthodox opponents.

Sappers would have won, probably deservedly, had Artingstall not badly fumbled a wild pass on his own line instead of touching down and not worrying about getting into position to find touch.

For Sappers, Birrell showed speed and initiative on the wing while Waite did all that could be expected of him considering the very poor service he received from Foley, who has seldom played worse. At forward Ford, Pike, Sheldrake and Brinkley were prominent, especially the first named.

Davidson was very safe at full-back for Navy, saving one certain try when Birrell broke away and he grassed him in perfect style. The threequarters were seldom seen in a passing movement due to the weakness of Carter at stand-off. Clark had an off day and was unusually slow in getting the ball back. King, Gale and Ferris were the pick of the forwards.

With the wind behind them in the first half, Sappers opened the scoring when Birrell went over in the corner after picking up a pass that Kennedy had over-run. He made a good attempt to land a goal but was wide. In the second half Paul failed to kick an easy penalty goal and, after King had failed to land a penalty goal from the touch line, Carter managed to secure a touch down when Artingstall badly fumbled a wild pass on his own line. Paul failed to convert from a comparatively easy position.

ENGINEERS—Oway; Birrell, Jones, Artingstall and Martin; Waite and Foley; Ford, Pike, Eouzan, Blackman, Davis, Sheldrake, Killar and Brinkley.

NAVY—Davidson; Bowden, Paul, Honnywill and Kennedy; Carter and Clark; Palmer, Brown, Davis, King, Longmuir, Ferris, Gale and Jeffries.

Players Will Be Missed

Sappers will be shortly missing the services of Waite, Artingstall and



Pike, all three of whom are doubtful starters for the Sevens.

Sevens Tourney

The annual Seven-A-Side Rugby Tournament has attracted some 20 teams this year and the preliminary rounds will be played on the Club ground on Monday and Wednesday, March 11, and 13, commencing at 4.30 p.m. The finals will be played on the Club ground Saturday, March 16, and the Blarney Stone Shield will be presented to this year's winners by H. E. the Governor, Sir Geoffrey Northcote.

Proceeds this year will be donated to the British War Organisation Fund.

Among the teams entering are 10 various Army units, two Navy teams, Police, the holders, R.N.V.R., Civil Service, R.A.F., H. K. Bank, B & S. and Rest of the Club.

Winners of the tournament to date have been Club, 1932 and 1933; H. K. Bank, 1934; Club, 1935-1938; Police, 1939.

BADMINTON

2 MATCHES
TO-NIGHT

There will be two matches in "B" Division of the Badminton League to-night, the game between St. Teresa's and King's College being postponed.

To-night's matches will be St. Andrew's v Kowloon Tong; St. John's v K.C.C.

St. Andrew's:—B. Gilles and A. E. Brown; H. Kew and E. F. Fincher; A. E. P. Guest and A. S. Bliss.

Kowloon Tong:—R. E. Lee and F. S. Ko; N. A. E. Mackay and P. B. C. Fletcher; A. E. H. Castro and A. Chan.

K.C.C.:—A. L. Fisher and J. L. Anderson; T. Madar and B. C. Kevan; A. Zimmermann and H. S. Jones.

St. John's:—H. Eardley and R. Beavan; F. Kwok and D. Kwok; P. Wilson and N. L. Smith.

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CRICKET NOTES

RECREIO HAD ONLY THEMSELVES TO BLAME

Good Wickets Thrown Away At Vital Moments

WEBB, YOUNG TO THE FORE

(By "ADREM")

Thanks to a determined effort by R. H. Griffiths, playing in his first League match since his return from leave, Civil Service were able to give I.R.C. a much better game than at one time appeared possible.

The Valley team were without D. McLellan, suffering from an injured foot, and T. V. N. Fortescue, and their bowlers had a sorry time of it. Perry and Fenton were forced to do an awful amount of work in attack but they made little impression on the Indians who rattled up the very fine score of 189 for 4 dec.

To this total N. (who is he?) Cassa contributed 71, Y. el Arcull 25 and A. H. Madar 51 not out.

Civil Service never looked like getting the runs, except at one stage when Griffiths and Whitley were cracking them, and were all out for 34.

Griffiths' innings was a stout one and had Perry, Richardson, Colledge or Hollidge decided to make runs as well, I.R.C. might have been in for a shock. He was far more restrained than usual—the situation demanded it—and only scored 59 out of the 133 added while he was at the wicket.

With Whitley it was neck or nothing. He almost broke the hearts of the bowlers while hitting up 37 chiefly made up of long hits into the country.

BACK TO FORM

A. R. Minu, definitely appears to have struck his best form, taking 3 for 49, which would have been even better had not Whitley laid on the wood to such an extent.

Feature of the Army-University match at Sookunpoo were Sgt. Webb's 88 not out—the highest in the Senior League to date—and L/Cpl. Young's 6 for 10, which places him at the head of the Senior bowling averages.

Webb's innings completely overshadowed any other Army batting performance, next highest scorers being Major Harvey with 22 and Sgts. Denyer and Gardner with 10 each.

With the dismissal of C. N. Matthews, who made a nice 20, and K. S. Oh (15), University made a sorry showing and thereafter only Chan Thian-siew made double-figures. Young and Denyer finished off the innings in quick time, the former being quite unplayable.

B.W.O.F. ACCOUNTS

The statement of accounts of the British War Organisation Fund for January shows receipts of \$54,534.83, added to a carry forward of \$152,050.57 and expenditure of \$166,185.68, including a sum of \$161,376.93, representing a draft for £10,000 sent to London. Office expenses account for only \$456.24, of the total.



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BILLIMORIA, E. ZIMMERN AND G. GOSANO SHINE

(By "ADREM")

CRAIGENGOWER CAUSED one of the biggest upsets of the current cricket season with their sensational victory over the Senior Champions, Club de Recreio, on the King's Park ground on Saturday.

Recreio wickets thrown away at crucial moments; fine bowling and fielding by Craigengower and judiciously handled bowling by Ernie Zimmern, the winning skipper, were chiefly responsible.

Zimmern also played a fine innings, aided by a couple of lives, while G. Gosano and Willie Reed made a great effort to stop the Recreio rot after six wickets had fallen for 14 runs. Billimoria bowled very steadily and is now right back to form.

Recreio won the toss and put Craigengower in. The Valley team opened with E. Zimmern and H. P. Lim. The innings started sensationally, E. L. Gosano, bowling from the pavilion end with a strong following wind, sent down a fast swinger which kicked. Zimmern cocked the ball up to W. A. Reed, at short-leg, but the fielder never moved to an otherwise dolly catch.

Profiting by the mistake, Zimmern went on to bat confidently and glanced and late-cut Gosano for fours; Lim, meanwhile, batting soundly and taking no chances.

With the score at 29 Lim shaped to cut a short ball from E. L. Gosano, changed his mind, and, not being able to get his bat out of the way, was taken behind the wicket by Beltrao.

Francis Zimmern, who succeeded, was as usual too impetuous. He glanced Gosano and hooked Ozorio for beautiful fours and then paid the penalty—a short ball from Gosano being slashed at, and mistimed, for Beltrao to take his second catch.

A. R. H. Esmail shaped confidently, using his feet well especially to Ozorio, who was keeping an immaculate length.

Meanwhile, Ernie Zimmern was missed twice by Pereira; at first slip off Ozorio, but did not survive much longer, being bowled by a beautiful ball from Gosano which came in a lot from the off (3 for 46).

Lee, who followed, hooked a long-hop from Ozorio straight to L. G. Gosano and the score-board read 53-4-0.

Shortly after, L. G. Gosano relieved Ozorio. Hulse and Esmail took the score to 63 when Hulse nibbled at one on the off and was well taken by Ozorio at first slip. One run later Esmail was l.b.w. to L. G. Gosano and 6 wickets were down for 64.

A. K. Ismail and Hong Sling put on 11 runs before Ismail was bowled off his pads (7 for 75). With Winch in, Pereira relieved Eddie Gosano, who had bowled 10 overs for 3 wickets and 34 runs, and clean-bowled Winch (76 for 8).

On the advent of Hamson, Ozorio took over again from L. G. Gosano and had Sling caught at the wickets. Hamson stayed long enough to make a beautiful cover drive off Pereira before giving Beltrao his fourth catch at the wicket.

The bowling had been steady without being particularly dangerous and the fielding, as is usual with Recreio, brilliant, although, through over-eagerness, they gave away several overthrows. Several catches were dropped but they were by no means easy ones.

RECREIO BAT

J. M. and L. G. Gosano opened to the bowling of Francis Zimmern (pavilion end) and George Winch. There was an early thrill when, off the first ball of the innings, L. G. was given out l.b.w. to Zimmern, when he misjudged the direction of a fast in-swing.

Soares came in and shaped confidently until the last ball of the over when, for reasons known only to himself, he took a "yahoo" at the ball and was bowled neck and crop (2 for 0).

Eddie Gosano followed, but with Winch bowling to J. M., the latter played one to Hamson at short-leg and Eddie called him for a single only to be run out by yards (3 for 1). Silva succeeded and survived the over.

At this stage Ernie Zimmern made his first bowling change, Billimoria relieving Winch and bowling a maiden, and Winch relieving Francis. Three singles resulted.

The first ball of Billimoria's second over completely beat and clean-bowled Silva (4 for 10). Rodrigues came in and took a four to square-leg off the last ball of the over. Facing Winch again, J. M. Gosano attempt-

ed to pull a fast but short in-swing, and Hulse at mid-on took a good catch over his head (5 for 14).

G. N., the last of the Gosanos, came in and played out the over. Facing Billimoria once again, Rodrigues played back to one which beat him and was given out l.b.w. (6 for 14).

The result completely justified the bowling changes although it was remarked that the taking off of Francis Zimmern after two overs, when he had taken 2 for 5, was a mistake.

Imperturbable Willie Reed came in and the situation took a complete change. Together with G. Gosano he took the score to 55, putting on 41 valuable runs. Gosano scored off every opportunity that presented itself and these were few and far between.

Bowling changes were rung. Francis Zimmern, on again for Winch, bowled steadily, and Hulse for Billimoria, who had given away eight runs in his fifth over—he only gave away 9 in his other seven overs, four of which were maidens—and success came to Craigengower at last; A. K. Ismail relieved Zimmern and Reed was out l.b.w. (7 for 55).

With G. Gosano still in, however, Recreio had every chance. He looked capable of staying for the night! He did give one chance to Sling, a hard square-cut to deep point low down to the left hand, but survived.

With Ozorio batting Billimoria went on in place of Hulse and a long-hop to Gosano which kept low saw that batsman dismissed after a grand fighting innings.

Ozorio and Beltrao added five runs before

SECOND DIVISION

ABBAS BOWLS WELL AGAINST POLICE

(By "ADREM")

Indian Recreation club juniors surmounted a big obstacle on their path to the Junior Cricket Championship on Saturday when they beat Police Recreation Club on the latter's ground by the narrow margin of three wickets.

The Indians, who were never considered as a championship team at the beginning of the season, have now the finest record in the division, thanks to two unexpected lapses by the champions, Kowloon Cricket Club, with whom they are now bracketed at the head of the table with 12 points.

I.R.C., however, have a match in hand, although they still have some tough encounters ahead of them.

Police had a very bad match on Saturday, their batsmen, with the exception of C. Pope and P. H. Loughlin falling miserably. Pope played an aggressive innings, and although a trifle fortunate with balls which he edged through the slips, his was a most valuable effort. So completely did he dominate the scoring that of the 49 added whilst he was at the wicket, his contribution was 45!

Loughlin also made a great effort to stay the rot. In contrast to Pope's fireworks, his was a staid, correct, knock. Taking no liberties with the bowling he stayed in until the fall of the eighth wicket for 24.

Next highest scorers were A. Kirby and F. Forrest with 8.

ABBAS BOWLS WELL

M. A. Abbas was the principal cause of the Police downfall, with one of his finest bowling feats this season. He met with only mediocre success in the early stages, his first three wickets costing him 27 runs, but later he was irresistible and finished off the innings in quick time to return a final analysis of 7 for 32.

NANCARROW'S GOOD KNOCK

(By "ADREM")

With the aid of a good innings of 54 not out by J. Nancarrow, one of their Royal Air Force members, Kowloon Cricket Club beat Hong Kong Cricket Club at Cox's Road by the large margin of 85 runs.

Both teams, due to camps and various other reasons, were well below full strength.

Kowloon, batting first, made 166 for 7 dec. Nancarrow being top-scorer, and D. Hung, B. D. Lay and Teddy Fincher all making useful scores. Aitkenhead was the most successful Island bowler and took 3 for 43, while "Lofty" Lloyd did not find wicket-taking against his own team as easy a problem as he probably expected!

Club had a sorry time of it, at one period having six wickets down for only 8 runs. A stand between D. S. Robb and C. G. Aitkenhead in the later stages, however, helped to redeem their prestige and they eventually reached 81.

B. D. LAY DOES WELL

L. R. Burch, who has just left school, bowled promisingly, and Bertram Lay, who has only been able to play infrequently this season, did well to take 5 for 33 and almost earn a place for himself in the senior team to play Recreio in the needle game on Saturday.

The encounter between the junior teams of the two clubs at Chater Road was entirely dominated by schoolboys. F. A. Weller, of C.B.S., raked in to fill the side, batted really well for 91, while Norman Smith took 5 for 26.

Result was, Hong Kong won by no fewer than 125 runs. H. J. Armstrong helped Weller to add 133 runs for Club's third wicket, while highest scorer for K.C.C. was Francis Lay with 17.

the former was clean-bowled by Billimoria (9 for 80); Pereira in; and "Spotty" has been known to score a quick 30. Francis Zimmern on again, kept beating the bat and the wickets. Ten runs were added and Craigengower were looking grim when there was another silly call. Beltrao played the ball to Billimoria in the gully and "Spotty" called for a run, Billimoria hit the wicket with his throw-in and all was over.

The Craigengower bowling had been steady and there was little given away in the field. Recreio have only themselves to blame for this unexpected reverse after dismissing their visitors so cheaply—Soares, Eddie Gosano and Pereira all threw their wickets away!

The China Mail

Ninety-Fifth Year of Publication.
3A Wyndham Street, Hong Kong.
Telephones 20022 & 20011.

London Office:

7, Garrick Street, London, W.C.2.

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THE HONG KONG JOCKEY CLUB

DRAFT PROGRAMMES AND ENTRY FORMS for the FIRST EXTRA RACE MEETING to be held on SATURDAY, 9th March, 1940 (weather permitting) may be obtained at the Secretary's Office, Exchange Building; the Club House, Happy Valley; the Hong Kong Club; the Sports Club; and the Stables, Shan Kwong Road.

Entries close at 12 o'clock NOON on Thursday, 29th February, 1940.

By Order,

C. B. BROWN.

Secretary.

Hong Kong, 26th February, 1940.

NOTICE**THE TAIPO RURAL HOME & ORPHANAGE**

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The Orphanage will be formally opened on SATURDAY, 2nd March, 1940.

His Excellency The Governor will perform the Opening Ceremony at 3.30 p.m.

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Buses will leave the Peninsula Hotel for Taiipo at 2.00 and 2.15 p.m. and will return at 4.30 and 4.45 p.m.

Reservations must be booked beforehand at the Hong Kong or Peninsula Hotel where tickets are obtainable at \$1 per Return Trip.

PUBLIC AUCTION

The Undersigned have received instructions to sell by Public Auction on

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THE HONGKONG ELECTRIC CO., LTD.

NOTICE is hereby given that the Fifty-first Ordinary Yearly Meeting will be held at the Company's Registered Office, 4th Floor, P. & O. Building on THURSDAY, 21st March 1940 at 11 a.m. for the purpose of presenting the Report of the Directors together with a Statement of Accounts to 31st December 1939, electing Directors and Auditors and fixing their fees.

The Register of Members of the Company will be closed from 9th March to 21st March 1940 both days inclusive, during which period no transfer of shares can be registered.

By order of the Board of Directors

GIBB, LIVINGSTON & CO., LTD.,

Agents.

Hong Kong, 22nd February, 1940.

THE HONGKONG ELECTRIC CO., LTD.

NOTICE is hereby given that an Extraordinary General Meeting of the Company will be held in the P & O Building, Victoria, in the Colony of Hong Kong, at 11.15 o'clock in the forenoon on THURSDAY, the 21st day of March, 1940, or as soon thereafter as the Ordinary Yearly Meeting of the Company shall have terminated, for the purpose of considering and if thought fit passing the following resolution as a special resolution:—

That the Capital of the Company be increased from its present Capital of \$6,000,000 Hong Kong currency divided into 600,000 shares of \$10 each to \$18,000,000 Hong Kong currency divided into 1,800,000 shares of \$10 each and that such additional shares shall rank in all respects pari passu with the original Capital of the Company."

And for the purpose of considering and if thought fit passing the following resolutions, namely:—

1. That the Directors be and they are hereby authorised to capitalise the sum of \$3,000,000 Hong Kong currency part of the undivided profits of the Company standing to the credit of the Company's Reserve Fund and to allot to the Members holding shares of the Company as on the 1st day of July 1940 in respect of the net amount capitalised fully paid shares of the Company of equivalent nominal value in the proportion of one share for every two shares of the Company then held by such persons respectively and that such shares so allotted shall rank for dividends as from the 1st day of July, 1940.

2. That if, on such distribution as aforesaid, any person would be entitled to a fractional share the Directors shall, in lieu of issuing Fractional Certificates, cause the whole share to be allotted to a person or persons to be named by the Directors and such share shall, at such time as the Directors think fit, be sold and the proceeds distributed amongst the persons entitled to the fractions making up such share."

By order of the Board of Directors, GIBB, LIVINGSTON & CO., LTD.,

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Hong Kong, 22nd February, 1940.

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FOR THE HONG KONG AND SHANGHAI BANKING CORPORATION.

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Chief Manager.

Hong Kong, 1st March, 1937.

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SOVIET GIVES NAZIS RIGHT TO WORK OIL FIELDS

(SPECIAL TO "CHINA MAIL")

Paris, To-day.

THE SOVIET GOVERNMENT, it is sensationally disclosed, has granted Germany the rights to prospect and develop the oilfields in the Bashkir Republic and to export to Germany all petrol obtained from the region in excess of the present production.

The Bashkir Republic lies between the Ural Mountains and the Volga River and when fully developed, the oilfields there may furnish seven million tons of petrol yearly.

In the meantime, expert observers, calculating the rate of German consumption since the war began, believe that the present oil situation in Germany is about the same as at the beginning of the war.

In September, it is estimated, Germany had a stock of about three million tons and has since imported fifty thousands tons from Galicia and three hundred thousand tons from Rumania, and from Russia (produced herself) about two million tons.

The German consumption in the six months of the war is estimated at 2,500,000 tons, of which a million tons went in the Polish campaign.—Havas.

NAVY MAN CHARGED

Able Seaman Hector MacMillan who failed to appear, had his bail of \$20 estreated by Mr. R. Edwards, on a charge of being drunk and disorderly at the Central Police Station last night.

NAZIS TO STAGE A "TRIAL"

The Hague, To-day.
Captain Best and Mr. Stevens, emissaries of the British Government, who were kidnapped on Dutch territory by Nazi agents last year, are to be tried, it is reported, in a Berlin court early in March.

They will be charged simultaneously with the German plumber, Elser, who was arrested in connection with the Munich beer cellar explosion.—Reuter.

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New York, To-day.

Long range defence of the Panama Canal will require at least double the present number of planes and guns.

This statement was made by President Roosevelt at a press conference aboard the cruiser Tuscaloosa, after he had completed an inspection of the Canal defences.

The President said that planes were needed in order to discover any attacking force at a greater distance than had hitherto been provided for.

Such a long-range programme envisaged defence operations extending, if necessary, throughout Central America as far south as Ecuador, Columbia and Venezuela.

President Roosevelt is now going to Pensacola, Florida, aboard the Tuscaloosa.—Reuter.

The prefix "Special" to telegrams is used by the "Sunday Herald" and "China Mail" to indicate news which is strictly copyright under the provisions of the Telecommunications Ordinance, 1936, and may not be reprinted under any circumstances, either wholly or in part, without prior arrangement.

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Printed and Published for the Proprietors, The Newspaper Enterprise Ltd., by GORDON CADE BURNETT, 3A, Wyndham Street, Victoria Hong Kong.